

NEWS: INTERNATIONAL

Moscow to seek own allies if Nato grows

By Nenad Sebek in Belgrade, Harriet Martin in Sarajevo and Bruce Clark in London

Moscow would seek allies of its own in central Europe if Nato went ahead with plans for enlargement, General Pavel Grachev, the Russian defence minister, said yesterday.

Speaking in Belgrade, he also called for the immediate release of two Bosnian Serb army officers, Gen Djordje Djukic and Col Aleksa Krstanovic, whose arrest on suspicion of war crimes has triggered a crisis in relations between Nato and the Serbs.

His comments over the detained officers jarred with those of western officials, who have denounced the Serb side for over-reacting to the arrests. He was speaking as Mr Warren Christopher, US secretary of state, arrived in Helsinki for talks with Mr Yevgeny Primakov, Russia's hawkish new foreign minister.

In Bosnia, the Serbs have announced that they are severing co-operation with Nato's Peace Implementation Force (Ifor) and restricted freedom of movement across the old confrontation line.

Mr Richard Holbrooke, US assistant

secretary of state, said in Budapest: "The US will not tolerate the kind of threats that some of the Bosnian Serbs have been making." He said he would make a final visit to Zagreb, Sarajevo and Belgrade in the next few days.

Gen Grachev, apparently signalling a return to Russia's pro-Serb stance, signed a defence co-operation agreement with the rump of Yugoslavia, consisting of Serbia and Montenegro.

If Nato failed to show understanding of Moscow's concerns, "Russia would seek to take some measures to safeguard its own security," he said.

It would "seek partners among the countries of eastern and central Europe, and among the member states of the Commonwealth of Independent States, in order to form a future military-political alliance."

Other counter-measures would include a "significant enhancement of Russia's defences" and a review of east-west arms control agreements. It would also "seek partners in the east" — apparently meaning China.

In London, Mr Javier Solana, the Nato secretary-general, said he was sure Nato would expand before the end of the century. He hoped to visit

Moscow in March for what he realised would be "difficult talks" on European security.

Nato officers in Sarajevo gave conflicting assessments of the seriousness of problems with the Serbs. One UK officer, Major Simon Haselock, said of the Serbs: "We have not witnessed a hardening of attitude and are continuing to work with them in a normal way."

But later the Ifor commander, Gen Michael Walker, described as "ominous" the decision by Gen Ratko Mladic to sever relations with the western peacekeeping force.

Chechnya becomes big issue for Russian poll

By John Thornhill in Moscow

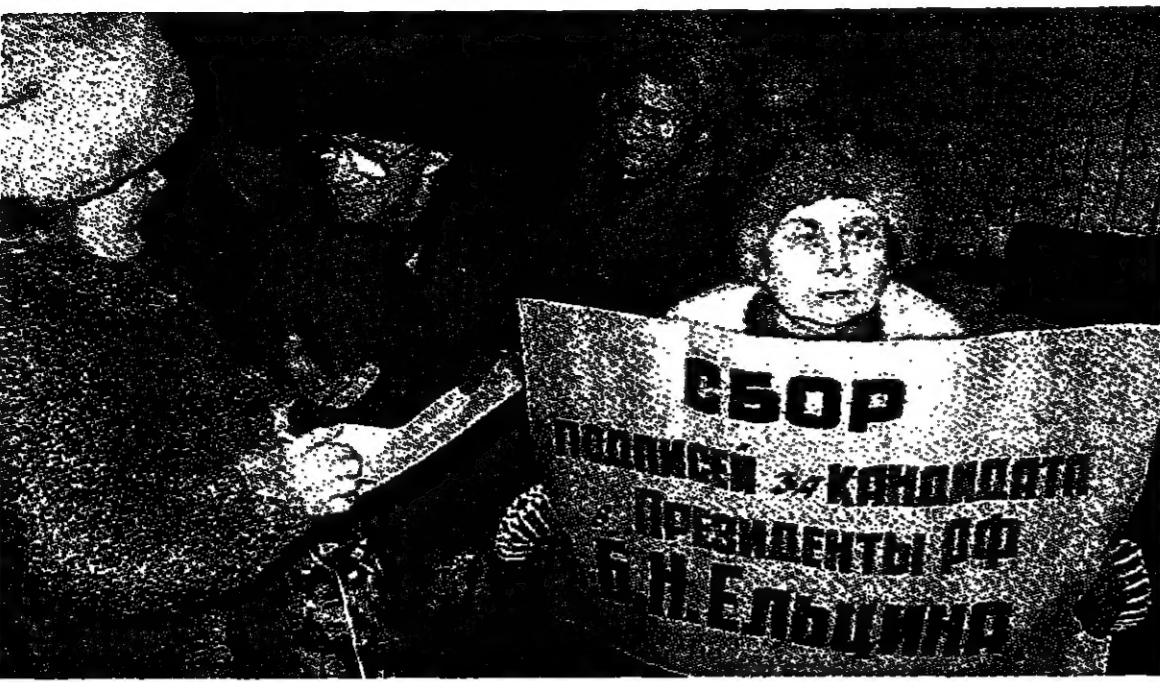
The conflict in Chechnya, which has dragged on for more than a year and shown no signs of abating, is emerging as one of the central issues in Russia's forthcoming presidential election campaign.

President Boris Yeltsin, who seems almost certain to announce next week that he will seek re-election, has expressed his political dilemma in characteristically blunt terms.

"If we withdraw troops, carnage will start in Chechnya. If we do not remove troops, there is no way for me to become president. The people will not elect me. We should find a compromise which would suit everyone," he said this week.

Mr Yeltsin has asked Mr Victor Chernomyrdin, premier, to find a solution to the Chechen conflict. His unenviable challenge has further fuelled rumours that he will be dismissed if he fails to halt the fighting.

Mr Chernomyrdin has helped draft a power-sharing agreement with Chechnya — which has won scant support in the breakaway region — and has generally adopted a more conciliatory tone than the Kremlin hardliners.



Women holding a sign reading "Collecting signatures for Boris Yeltsin as a presidential candidate" seek support in Moscow. The constitution requires 1m signatures for a candidacy

In a speech to parliament, Mr Chernomyrdin said federal forces would continue to disarm illegal militias in Chechnya but would increasingly involve the Moscow-backed government of Mr Doku Zavgayev. But Mr Sergei Kovalev, a parliamentary deputy and human rights campaigner, said the Chechen conflict could only be solved if direct talks were opened with Mr Dzhokhar Dudayev, the rebel

leader who declared Chechnya's independence from Moscow in 1991.

Mr Yeltsin said the government was considering seven options to end the conflict. But the Presidential Council, which acts as an advisory body to Mr Yeltsin, said yesterday it was also working on an eighth proposal.

Three people were killed in an unexplained explosion in the centre of Grozny yesterday following a sixth

successive day of protest rallies against the Russian occupation of Chechnya.

The Russian authorities claimed the blast was a provocation aimed at stirring up anti-Russian and anti-government hysteria. More than 2,000 Chechens gathered outside the devastated presidential palace yesterday calling for the resignation of Mr Zavgayev's regime.

Support local industry, urges deputy PM

Mr Oleg Soskovets, Russia's first deputy prime minister, who has strengthened his position after a government reshuffle, yesterday demanded the economics ministry urgently redraft proposals to strengthen support for domestic producers. John Thornhill writes. The Central Bank also cut the refinancing rate for commercial banks from 160 per cent to 120 per cent in a further move to encourage industrial investment.

Attending his first government meeting since his appointment, Mr Vladimir Kadamukov, the other first deputy prime minister, said the government must draw up measures to address specific features of different industries. Several business leaders attended the government meeting to argue for industrial investment projects.

In a twist to the debate over Russia's economic policy, Mr Anatoly Kulikov, interior minister, urged the government to nationalise some commercial banks and increase oil export tariffs to raise funds to address the "critical situation in the armed forces and the interior ministry."

The army was being ruined "just like in February 1917, but then it was done by Bolshevik propaganda and now by non-payments," he said.

Italy backing plan for a two-tier European Union

By John Kampfner in London and Lionel Barber in Brussels

The Italian presidency of the EU is backing a plan for a new two-tier structure for an enlarged European Union, as it prepares for the inter-governmental conference next month.

The Italians are pushing the idea of "conditional flexibility" which would allow member

states to opt out of certain areas without abandoning basic obligations in areas such as the single market.

The move is likely to be portrayed by the UK government as a concession to its sceptical approach to the IGC and to monetary union.

But the flexible approach is also aimed at coping with the difficulties of integrating the poorer, more backward coun-

tries of eastern Europe in a Union of 30 or more states.

Italian officials say they have been in touch with their Irish and Dutch counterparts, who will consecutively take over the rotating presidency in the 12 months from July, to seek a consensus on the strategy.

One official said the "intransigent and minimalist" negotiating position of the British

delegation at preparatory meetings for the IGC had made a new approach to the IGC imperative.

"Flexibility will become an essential constitutional element of the Union," one official said, pointing to German Chancellor Helmut Kohl's recent warning to the UK that it could not hold up progress towards greater integration. Another official said a mecha-

nism had to be created to accommodate the different speeds at which member states wished to move.

But he made clear that strict rules were needed to protect basic policy areas such as the environment or competition policy and the common EU institutional framework.

In a speech yesterday, Mr Malcolm Rifkind, UK foreign secretary, spelt out Britain's

vision of a "flexible and open Europe which rejects intro-spection."

New member states from eastern and central Europe shared Britain's desire to build a "Union of nation states."

"If we are to succeed in our mission to achieve a Europe free of barriers, we must not let the new democracies into institutional straitjackets," he said.

US claims of 'sleeping' in Aegean anger Britain

By Bruce Clark, Diplomatic Correspondent

Britain yesterday described as "nonsense" an American claim that its European allies had been inactive during the recent naval stand-off in the Aegean between Greece and Turkey.

In an angry statement, the UK Foreign Office rejected a claim by Mr Richard Holbrooke, the outgoing assistant secretary of state, that "the Europeans were literally sleeping through the night" as the crisis unfolded.

Mr Malcolm Rifkind, the UK foreign secretary, had spoken to his Turkish counterpart, Mr Deniz Baykal, at crucial moments of the crisis, and the UK ambassadors in both Athens and Ankara were active through the key night of January 30/31.

The UK Foreign Office also drew attention to the "massive European contribution" to peace-making in other areas of the Balkans, notably Bosnia, where the British had sent three times more troops per head than Washington.

It is highly unusual for Britain and the US to exchange such harsh words in public statements. UK and US officials have acknowledged that there was a "serious rift" between them over Bosnia in 1994, but since then, they have been at pains to stress the unity of purpose of the western nations in the Balkans.

It is highly unusual for Britain and the US to exchange such harsh words in public

The Anglo-American argument broke out amid continuing western worry about the simmering Turkish-Greek dispute. Diplomats said Mr Javier Solana, the Nato secretary general, was in contact with both governments on Thursday night in a bid to calm the continuing tensions.

Both countries are understood to be carrying out naval manoeuvres near the port of

Izmir. Mr Costas Simitis, the Greek prime minister, agreed this week with President Glafos Clerides of Cyprus on the need for "continuous additions and constant review" of their joint defence doctrine. "There should be close contact in order to confront potential threats," said Mr Simitis, clearly referring to Turkey.

Turkish officials alleged that since last week's crisis, Greece had continued its policy of landing parties of soldiers and civilians on uninhabited islets in order to bolster its case in any talks about their status.

Mr Solana described as "very bad" the fact that two Nato members were in dispute, at a time when the prestige and morale of the alliance as a whole was rising because of its successful deployment in Bosnia.

As a long-standing friend of Mr Simitis and a strong supporter of the recently sealed customs union between Turkey and the European Union, the Nato chief may be well placed to act as a go-between in the Aegean dispute.

EU helps find new work for oldest professionals

By David White in Bilbao

Bilbao, a city that grew around steel and ships, has been grappling for years with the decline of old industries. Now, with financial support from the European Union, it is embarking on a programme to find new careers for the workforce of the oldest profession of all.

Five ex-prostitutes and three male transvestites are taking part in a pilot scheme to find new careers caring for elderly people. Half the Ptas36.4m (\$211,000) for the project will come under plans recently approved by Brussels to combat "social exclusion". Among 86 projects chosen for grants, two are directed at prostitutes — in Bilbao and in Vienna.

"The prostitution business has got a lot worse," says Raquel, one of the participants, who are training to work in a planned day-care centre. The idea was the prostitutes' own. "We thought the greatest need was in helping old people," she says.

The scheme is linked to an urban renewal programme launched two years ago in Old Bilbao, a run-down area of 15,000 people across the river from the city's historic centre. Hemmed in by disused mills and railway marshalling yards, and embracing the traditional red-light district, the area has 30 per cent unemployment, and more over-60s than under-14s.

"It concentrates all the marginal sides of Bilbao — unemployment, low qualifications, drugs, bad housing," says Mr Ricardo Barkala, director of Lan Ekintza (Basque for Employment Initiative), a company set up by the city council. Its Old Bilbao-Open Door programme, to improve communications and conditions and generate new activities, has received Ptas500m in EU aid out of a total budget of Ptas1.58bn.

The day-care plan is organised jointly with a voluntary organisation, Askabide (Path of Freedom). The eight participants, with an average age about 40, are hired by Lan Ekintza on one-year contracts

and paid Ptas1,615 an hour. "Many of the old people live alone, in some cases in very bad conditions, in old flats with bad sanitation and no lifts, suffering all kinds of illnesses," says Raquel. "There is no room in homes for them."

Old Bilbao is not the place it was. Raquel, 45, started working as a prostitute there when she was 23. "The atmosphere was very different. There were not these problems of drugs and robbery. People did not cheat you. There was a lot of comradeship."

Now there is crime and the fear of Aids. Old-style street prostitution has declined. The trade, now more "hidden", has moved to snarier areas. Her dream was to save money and buy a flat. "But when times get lean, that is finished."

The group has been training at old people's homes. Raquel admits that their arrival aroused some concern — "especially the transvestites" — but says the women are now fully accepted. "The old people have adjusted to us, and we to them."

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Wiedemannplatz 3, 60318 Frankfurt am Main, Germany. Telephone +49 69 156 850. Fax +49 69 296 4481. Represented in Frankfurt by J. Walter Brand, Wilhelmstr. 1, 60318, Köln. A. Kennard as Co-ordinator and in London by David C.M. Bell, Chairman, and Alan C. Miller, Deputy Chairman. Shareholders of The Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany) Advertising Ltd, London. Shareholder of the above mentioned companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
GERMANY:
Responsible for Advertising: Colin A. Kennard. Printer: Heryt International GmbH, Adminal-Kroetzstrasse 3a, 63263 Neu-Isenburg. ISSN 0174-7363. Responsible Editor: Richard Lambert. do The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
FRANCE:
Publishing Director: P. Marvialle. 42 Rue La Boetie, 75008 PARIS. Telephone (01) 5776 8254. Fax (01) 5776 8253. Printer: S.A. Nord Eclair, 1971 Rue de Calais, F-93100 Rosny-Bois-Comte. Editor: Richard Lambert. ISSN 1148-2753. Commission Paritaire No 670803.
SWEDEN:
Responsible Publisher: Hugh Carnegie 406 611 6088. Printer: AB S-Wellandingsen. Expressen, P.O. Box 6007, S-550 06, Jönköping.
© The Financial Times Limited 1996.
Editor: Richard Lambert. do The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.

France tempts hoarders to spend more

Mr Ackil Marceau, a 27-year-old Parisian, is one consumer who should make the French government happy. After renting a flat for years, he is considering buying a property to take advantage of new government incentives. "I would never have considered this before, but it has become extremely attractive now — property prices have fallen and there are tax breaks," he says.

The tax breaks are among a range of measures to address the effects of France's high savings rate. Mr Jean Claude Trichet, governor of the Bank of France, believes the country's savings represent "important reserves of power" which could help boost the economy, and the government is out to stimulate spending and make saving less attractive.

The measures involve interest-free loans and tax breaks for the purchase of cars and other consumer items, and for first-time buyers on medium salaries prepared to purchase new flats or those requiring renovation.

Last month the rate of income paid on the popular Livret A savings accounts was reduced for the first time in 10 years. Interest rates have also edged down and, although retail banks are not obliged to follow suit, they have lowered lending rates in recent months.

The real question for the French economy is whether these measures can reverse the deep consumer gloom. Otherwise, fears are growing that France could see little — or even no — growth this year.

The signs are mixed. In recent months consumer spending on manufactured goods has fallen, while the savings ratio has risen steadily to some 14 per cent, a level last seen more than a decade ago.

But a consumer confidence survey last week suggested that sentiment had stopped deteriorating in January, while car registration data pointed to a small rise. Yesterday the Paris Chamber of Commerce said seasonally adjusted retail sales in the capital had risen by 5.7 per cent in January — taking spend-

ing back to the levels of last September. But many businesses will give the government's measures little credit for any improvement.

The scepticism partly reflects the fact that the government's budget difficulties have restricted the tax breaks and cheap loans to specialised schemes — such as the assistance for first-time house buyers, aimed partly at boosting spending on housing-related durables.

Some observers doubt whether the incentives will offset the tax rises introduced last year, let alone the debilitating impact of job insecurity on consumer confidence: unemployment is 11.7 per cent.

The other problem is that it is unclear whether reductions in interest rates will boost spending. A 1993 Bank of France study concluded that, because of the pattern of French saving and borrowing, rate cuts could have the opposite effect; that a fall of 3 per cent in rates would actually reduce spending

by 0.3 per cent in the first year. With more than four fifths of consumer loans still organised on a fixed basis, the main consequence of cutting rates is not to make loans cheaper but to cut the income from savings.

In this context, the government's decision to cut the Livret A tax free savings rate last month from 4.5 per cent to 3.5 per cent is crucial. Some 80 per cent of households have accounts, totalling FF900bn (\$136.4bn).

The decision to change the rate was partly taken to persuade French banks to lower their commercial rates. The government hopes that reducing the income on saving may persuade some people to spend rather than hoard.

But it will take more than a few eye-catching gimmicks to reassure the French population that the economic outlook is good enough for them to start spending again.

Gillian Tett and Andrew Jack

INTERNATIONAL NEWS DIGEST

Brazil curbs foreign capital

Brazil yesterday imposed restrictions on the inflow of foreign capital after a sharp increase in investment in the first weeks of the year. Overseas money is being invested in Brazil partly because of the country's 30 per cent interest rates, and the central bank wanted to staunch the flow of speculative investment which can feed inflation.

Foreign money being invested in special privatisation funds will have to pay a 5 per cent entrance tax. The minimum maturity for Brazilian companies raising money on overseas bond markets will climb from two years to three years. According to the central bank, over \$500m was invested in privatisation funds in January, more than in all of 1995.

Angus Foster, São Paulo

Bulgaria plans telecom sell-off

The Bulgarian government plans to privatise 25-30 per cent of the state telecommunications company this year, Mr Rumén Gechev, the deputy prime minister in charge of the economy, said in London. It is also pressing ahead with a mass privatisation programme which allows foreign companies to make cash bids for enterprises and set up their own investment funds.

Meanwhile, the Greek government yesterday cleared the way for a long-delayed, limited flotation of the state-owned Hellenic Telecommunications Organisation (OTE). A draft bill submitted to parliament yesterday sets out procedures for the sale of around 6 per cent of OTE by the end of March. Efforts to float part of the monopoly operator have been delayed several times.

In November the Socialist government abruptly cancelled a plan to sell 25 per cent of OTE, blaming poor market conditions. The previous conservative administration was close to privatising 49 per cent of OTE before it lost power in 1993.

Anthony Robinson, London, and Reuter, Athens

Telephone jobs go in Spain

Telefónica, Spain's telecommunications giant, which is 20 per cent state owned, is to reduce its 71,000 workforce by 10 per cent over five years. The move by Spain's biggest corporate employer is the most ambitious labour shake-out to date by a profitable domestic company. Telefónica said the loss of just over 7,000 jobs through early retirement and voluntary redundancy was a response to the increasing challenges in its domestic market, where a second mobile operator began operating last year. Full deregulation of the telecoms sector is due in 1998.

Tom Burns, Madrid

Frankfurt tightens bourse rules

Efforts to tighten up trading practices on the Frankfurt stock exchange were reinforced yesterday by a ruling from the Hesse state economics ministry that official brokers must stop mixing trades on their own account with orders for clients.

The move is in line with Germany's tougher attitude towards insider trading, outlawed in 1994, and follows a crackdown by the Federal Supervisory Office for Securities Trading on those using privileged information for their own benefit.

Mr Lothar Klemm, economics minister of Hesse, in which Frankfurt is located, said the move was "a further important step to ensure that internationally accepted standards of supervision and investor security apply on the Frankfurt bourse."

The ministry said blurring of the distinction between own-account trades and client orders, common in the past, put brokers at risk of insider dealing charges and tax evasion.

Andrew Fisher, Frankfurt

Trafalgar wins Thai contract

Trafalgar House, the UK construction, engineering and shipping conglomerate, has been named as preferred bidder for a \$500m (\$770m) contract to build an iron and steel plant at Rayong in Thailand.

It is the second large contract to be won by the British group in Thailand. Sofresid, Trafalgar's French subsidiary, last autumn won a \$270m contract to build a copper smelter at Rayong for Thai Copper Industries.

Andrew Taylor, London

French reassured over Taiwan

French concerns about possible military conflict in the Taiwan Strait have been eased after discussions in Beijing between its foreign minister and Chinese leaders. Mr Hervé de Charette said yesterday his talks with the Chinese confirmed the view of US President Bill Clinton, who has played down fears of conflict between China and Taiwan.

International concern had been heightened after reports that Beijing planned to launch a large military exercise in the Taiwan Strait as part of its attempts to exert pressure on the Taiwanese, who will vote in presidential elections next month.

China will not rule out the use of force to secure reunification of Taiwan with the mainland. It has repeatedly warned the Taiwanese against independence moves that might undermine possibilities for reunification.

Mr de Charette has held talks over the past few days with President Jiang Zemin, Premier Li Peng and Foreign Minister Qian Qichen.

Tom Walker, Beijing

Seoul and Tokyo in island clash

South Korea yesterday said it would "deal sternly" with a territorial dispute with Tokyo over a small island in the Sea of Japan. Ownership of the island, known as Tok-do in Korean and Takeshima in Japanese, could affect the boundaries of offshore economic zones that both countries are preparing to expand. The dispute has flared over the past week with the announcement that South Korea plans to build a wharf on the island.

Mr Yukihiko Ikeda, the Japanese foreign minister, yesterday reaffirmed that the island belonged to Japan and demanded that South Korea cancel construction of the wharf. But the South Korean foreign ministry rejected his statement and warned that "we will deal sternly with the Tok-do issue" since "Tok-do is part of our territory in terms of history and international law and is currently controlled by South Korean government."

The dispute is likely to be a central issue of discussion when a Japanese parliamentary group arrives in Seoul tomorrow for talks on bilateral issues.

John Burton, Seoul

Iraq optimistic on UN talks

Iraq believes that the opening round of talks with the United Nations on an oil-for-food deal are going so smoothly that they may end as early as Tuesday, diplomatic sources said yesterday. The leader of Iraq's delegation, Mr Abdul Amir al-Anbazi, told Arab diplomats that he expected the technical talks on the plan to be completed by Tuesday. The Iraqi team would then consult its government before another round was scheduled.

The talks, on how to implement the plan that might bring Iraqi crude oil back into the market for the first time in five years, began on February 6. The discussions are based on Security Council Resolution 986 that allows Iraq to sell \$2bn in oil over six months under controlled conditions to buy needed food and medicine. Iraq has been under trade sanctions since shortly after its troops invaded Kuwait in August 1990. Iraq's economy has been crippled by UN sanctions imposed after its August 1990 invasion of Kuwait.

Reuter, New York

Cuban telecommunications

KPMG has asked us to point out that the valuation of Etecsa, the Cuban telephone company, referred to in an article in Thursday's paper was based on projections by Grupo Damos, Mexico's affiliate Penta Consultants has been assisting Grupo Damos in valuing its Etecsa shareholding but has not carried out an independent valuation of the company.

Mandela call to action on crime and jobs

By Roger Matthews
in Cape Town

President Nelson Mandela yesterday called for a "national vision" to lift South Africa out of the quagmire of high unemployment and crime rates.

At the new session of parliament, which opened in Cape Town yesterday, he said South Africa's potential for economic growth and development was better than for many decades.

"But let us be brutally frank. Despite the welcome rate of growth, very few jobs have been created. In fact, against the backdrop of new entrants to the job market, there has been a shrinkage of opportunities."

Growth last year is expected to have been a little over 3 per cent, but unemployment is officially stated to be 33 per cent of the workforce with far higher percentages among the black communities in many areas.

This has contributed to a steep increase in crime, and Mr Mandela said the cabinet would shortly reveal a new national strategy for tackling the problem.

"We need a national vision to lift us out of this quagmire," said Mr Mandela. "If we do not act together in the public and private sectors to develop and implement such a national strategic vision, the danger is that even the modest growth

we have attained will peter out in a few years."

The danger seen by Mr Mandela was that the strains of limited capacity, shortage of skills, balance of payments problems, and other constraints would start to gather momentum. This would in turn cause increasing unemployment and worsening poverty.

To avoid this risk Mr Mandela said it was vital to eradicate the public and private sectors from "their current comfort zones" in order to achieve the growth rates needed to secure a permanent reduction in unemployment levels.

The president said substantial investment was needed in many sectors of the economy, and questioned whether the profit motive alone could be the dynamo for growth.

The government is planning measures to aid the investment climate. Mr Mandela said the monetary authorities were daily reviewing the future of exchange controls, heightening speculation that a further relaxation may be imminent.

"For us it is not a matter of whether, but when these controls will be phased out," he said.

South Africa's biggest companies are also anxiously awaiting legislative proposals on competition policy and minimum conditions of employment.

Pro-life and anti everything else, Buchanan leads with the right

Mr Pat Buchanan is, if only for the moment, leading the field in the Republican presidential primary race going into Monday's Iowa caucus. Even if the polemic-turned politician remains an improbable nominee and an even more unlikely next president, he stands a racing chance of emerging as the leading and loudest rightwing voice in the land, much as he did four years ago in his pursuit of President George Bush.

He is a believer in populist red meat, expressed as an amalgam of economic nationalism and social conservatism, and wrapped up in the slogan "faith, family and country". So here is a sampling of his rhetoric, culled from many a recent speech.

It must begin with his rallying cry to his most ardent supporters, the Christian anti-abortion movement, who delivered him victory over Senator Phil Gramm from neighbouring Texas in the only votes yet cast - in Tuesday's Louisiana caucuses.

"My very first act as president will be to cancel the executive orders Bill Clinton signed in his first day in office" (rescinding various administrative restrictions on abortion, such as in foreign aid programmes). "I'm going to keep the Republican party pro-life and I will be the most pro-life president in the history of the United States, bar none."

Retreating not one inch from his notorious "cultural war" speech to the Republican convention of 1992, he now says "America is going to need something of a moral and religious revival in this country to change human lives and human hearts. We've got to get back to the ideas and concepts of right and wrong."

But he spends more time this year on economic issues, sometimes, it seems, linking unseen hands with old-line protectionists on the Democratic left, and even with Mr Ross Perot in a direct

Jurek Martin on the populist Republican who won this week's Louisiana caucuses

appeal to the working class with promises to abrogate both the Nafta and Gatt agreements they opposed.

"The Fortune 500 used to employ 22 per cent of American workers. That's fallen to close to 10 per cent. When [US trade representative] Mickey Kantor goes to Geneva to negotiate a trade deal, sitting at his elbow is not some working class guy who says my job's on the line, it's the CEO or lobbyists from some Fortune 500 company who says put this in here so we can export our factory to Indonesia."

He has no time for the World Trade Organisation - "where the greatest action on earth gets one vote, the same as Bangladesh and Burundi" - nor its head, Mr Renato Ruggiero, "the Italian bureaucrat". As president, he would tell Kantor and say: "Mr Ruggiero, you're out of a job, boy, because we're leaving the World Trade Organisation."

He tells Japan and China "you're gonna play fair with us or we're gonna play rough with you" and threatens both with 10-20 per cent higher tariffs.

Economic nationalism, he says, dates back to the Founding Fathers. "At his inauguration, George Washington was running around wearing an American suit, even though the French cloth was better."

It worked, he goes on, early in this century and could again. "Clearly there was, from 1895-1929, a high tariff period and you don't want to return to the abuses of the robber barons. But the overall growth in those years and the enhancement of America's economic and manufacturing power, that's the most dramatic take-off of virtually any country in history."

But this is dry stuff compared with his latest populist crusade to end what he calls "judicial dictatorship". He would place term limits on all federal judges and subject Supreme Court rulings to repeal by referendum.

"We want our country back. I don't want to be dictated to by a Supreme Court" which protects "criminals, atheists, homosexuals, flag burners, illegal aliens, including terrorists, convicts and pornographers."

The Supreme Court "has been in the vanguard of an intellectual elite that believes the prevailing social order of middle class America is deeply flawed, unjust and corrupt." Teddy Roosevelt felt that way, he says, and so did Thomas Jefferson, whom he denounced "the despotism of an oligarchy."

"Does the country need nine grand-juries [the Court] to save us from totalitarianism? Jefferson thought the majority was the only true guardian of individual rights. The majority may sometimes err, Jefferson said, but its errors are 'honest, solitary and short-lived'."

Oddly for an Irish-American Catholic, though in tune with the current climate of public opinion, he views immigrants, illegal and otherwise, with suspicion: "I will build a 2,000-mile steel fence across the southern border of this country which they will not cross." He would freeze legal immigration at current levels.

A dim view is also taken about all international alliances and commitments, especially to the United Nations. "I'm not saying what [freedom] you'd get rid of. I am saying we would have a bottom-up review of all America's foreign policy commitments and we would not be making new ones."

Naturally, he opposes the US role in Bosnia. "This is a bloody, brutal civil war that has been going on for centuries. Atrocities have been committed on all sides and America has no business being there."

The trouble with running for office is that it leaves a public record. Here is Mr Buchanan in 1992 at an earlier stage of the Balkan conflict. "I don't understand a foreign policy which sends half a million troops around the world to liberate Kuwait and then sits idle while Croatia, a Christian, Catholic country, is being raped and brutalised by a Stalinist regime in Belgrade."

But, of course, then he was running against President Bush. Discontent and the good life, Page 9

Chinese approve HK's treaties

By Simon Holberton
in Hong Kong

Uncertainty over Hong Kong's position in the international community was removed yesterday when China agreed to Hong Kong's continuing participation in more than 200 multilateral treaties covering aviation, finance and shipping.

In a sign of growing Anglo-Chinese co-operation on the handover of Hong Kong, just over 500 days away, Beijing has also agreed to talk to Britain about how Hong Kong's laws can effectively straddle the change in sovereignty.

Mr Hugh Davies, British team leader of the Joint Liaison Group overseeing the handover, said the results of this, the 36th meeting of the group, had lived up to expectations. While it did not mark a new dawn it underlined a preparedness by Beijing to clear up outstanding issues.

There were, however, disappointments. Chief among these was Beijing's refusal to approve a Hong Kong government proposal for the introduction of six mobile telecommunications licences for personal communications services. Instead, Britain reluctantly agreed to put the issue to an "expert group" for further discussion.

Some Hong Kong companies, notably Hongkong Telecom, the former monopoly supplier, have been lobbying Beijing to reject the Hong Kong government's proposal and award four licences. Mr Davies reacted angrily to Chinese claims of lack of co-operation in providing more information.

"We are very, very willing to provide more information to the Chinese side if only they would come and get it," he said.

In general, however, Mr Davies was upbeat about the latest meeting of the JLG, which concluded its three day meeting in Hong Kong yesterday. He said there was a better overall atmosphere between the UK and China.

US takes recorded music royalties dispute to WTO

By Our Foreign Staff

The US is to take its dispute with Japan over recorded music royalties to the World Trade Organisation.

The US complaint concerns the rights of record companies and artists to royalty payments for recorded music, known as "neighbouring rights", which were officially recognised by signatories to an

agreement that came into effect on January 1.

Japanese legislation introduced at the beginning of the year recognises neighbouring rights retroactively to 1971. However, the US and most European countries believe protection should extend back 50 years.

The European Commission said yesterday it too would go to the WTO unless Japan

altered its legislation.

Mr Mickey Kantor, the US trade representative, said Japan was "failing to live up to a clear obligation". The US had made 13 representations to Japan on the issue since last June, most recently yesterday morning, but "to no avail".

He added that copyright holders of music recorded between 1946-71 were losing

about \$500m (£324.6m) a year in royalties. Brandishing a Japanese CD of US standards, he said "the range and stature of the music produced in that quarter of a century is astounding". Affected US artists included Duke Ellington, John Coltrane, Frank Sinatra, Johnny Cash, the Beach Boys, Bob Dylan and many more.

"The recording industry," he

went on, "is just the tip of the iceberg when you're talking about intellectual property and Japan is just the tip of the iceberg when talking about countries tempted to violate... intellectual property rights."

The Japanese authorities said yesterday that Japan's failure to extend protection to before 1971 did not violate the trade-related aspects of intellectual property rights (Trips)

treaty signed by Japan and other countries and said they were prepared to discuss the issue at the WTO.

The companies which are targeted by the US in its action are small distributors of CDs, which are mainly compilations of old songs by popular musicians.

Japan's agency for cultural affairs, which is responsible for intellectual property rights, insists that the issue is not whether Japan will extend protection to 1946 but what the correct interpretation of the Trips agreement should be.

US president Bill Clinton and Mr Ryutaro Hashimoto, the Japanese prime minister, yesterday scheduled a surprise meeting in Santa Monica, California, later this month to seek progress on a series of trade and security problems.

"We are very, very willing to provide more information to the Chinese side if only they would come and get it," he said.

In general, however, Mr Davies was upbeat about the latest meeting of the JLG, which concluded its three day meeting in Hong Kong yesterday. He said there was a better overall atmosphere between the UK and China.

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9th Nov	At sea	17th Nov	Satonda
10th Nov	Tambelan Islands	18th Nov	Komodo
11th Nov	At sea	19th Nov	Lombok
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NEWS: UK

Arms for Iraq Former senior official breaks ranks

Government 'inept' says ex-ambassador

By Jimmy Burns and John Kampfer

A former head of the Foreign Office's Middle East Department yesterday described as "deplorable" what he alleged was a government attempt to undermine the Scott report in advance of its publication.

Mr Stephen Day, a former adviser to the Prince of Wales who gave evidence to the Scott inquiry into arms for Iraq, said yesterday: "I think the inquiry conducted by Sir Richard Scott has been a thorough and important exercise. I have no complaints with the way it has been conducted. What I think is deplorable and inept is the way Whitehall and government have tried to rubbish it."

The comment by Mr Day, who served as ambassador to Qatar and Tunisia, may embarrass the government as it tries to ensure a unified approach to the potentially damaging Scott report, due to be published next Thursday.

It is understood that a letter from government officials was

sent to the main witnesses to the Scott inquiry last year, implying that they were free to respond to the report. But the letter insisted that they co-ordinate a position approved by the government. The letter suggested that attempts to speak out against the government line could jeopardise the witness's career.

It has also emerged that an assurance made by Sir Robin Butler, the cabinet secretary, may be less of a concession than it seemed. He said that government officials who feel unfairly blamed in the report would have the right of redress. An internal memorandum to officials in one government department makes clear that they may make their views public but only if they clear their statement with their immediate boss, clear it with the department's legal advisers and ensure that it does not cut across their minister or departmental policy.

Mr Day is the first senior Whitehall official intimately linked to the conduct of gov-

ernment policy on arms to Iraq to break ranks with former colleagues. His views, which emerged for the first time yesterday, clash with those of the former foreign secretary Lord Howe, who has been a leading critic of the Scott inquiry, claiming that its procedures were unfair to witnesses.

As head of the Middle East Department at the Foreign Office between 1984-87, Mr Day was responsible for drawing up official guidelines - subsequently approved by ministers - governing defence-related sales to Iraq and Iraq in the 1980s. The guidelines were kept secret from parliament for nearly a year.

In evidence to the Scott inquiry, Mr Day denied that he had personally received any instructions that policy should be kept secret. But he confirmed that a decision had been taken by ministers in 1984 that new guidelines governing exports should only be allowed to "trickle out" to parliament.

Pillars of state, Page 9

Railway privatisation Two-year-old disposal of national network suffers its worst blow

Bid disallowed over alleged ticket fraud

Financial Times Reporters

A bid for a railway franchise by managers from the state network has been disallowed after the discovery of an alleged ticket fraud. The managing director and finance director of LTS Rail, the company originally awarded a 15-year franchise to take over the London, Tilbury and Southend line, have been "redeployed" to the headquarters of British Rail, the national state network. The decision to disallow the LTS bid was the most damaging blow suffered by the government's rail privatisation programme in its two-year history.

Bidding for the franchise for the 100km commuter line between London and Essex was to be reopened and the other shortlisted bidders will be invited to make new offers, said Mr Roger Salmon, the franchising direc-

tor. The transport department said the speedy discovery of the irregularity and prompt action to remedy it would be a lesson to future bidders for franchises. Sir George Young, transport secretary, said: "I welcome the fact that the systems put in place detected these irregularities so quickly and that the BR board has taken decisive action."

LTS Rail was awarded the franchise last December, beating rival bids from Prism, a bus group, and GB Railways, a team of outside rail managers. The management-employee

infrastructure services division, but have been reorganised to make them more saleable. Further evidence of private sector interest in railway investments came with an announcement that Hermes, which manages the British Telecommunications and Post Office pension funds, is investing £75m (£115.5m) in the Daventry international rail freight terminal in central England.

buy-out was successful because it required the least amount of government subsidy and because it promised new rolling stock.

The first sign of a problem came last Friday when an audit disclosed that ticket sales had been arranged to give LTS Rail an unfair share of ticket revenues. The alleged fraud led to London Transport, the state-owned operator of the London Underground railway, losing ticket income of up to £30,000 a month.

LTS Rail's commercial director, Mr Colin Andrews,

resigned immediately and this was followed by the suspension of five other members of staff. The two senior LTS managers who have been transferred to British Rail headquarters are Mr Chris Kinchin-Smith, managing director, and Mr Roger Turner, finance director. "Mr Smith and Mr Turner have left their positions at LTS Rail," said British Rail. "The investigation found no evidence that either had any involvement in the irregularities."

The LTS debacle will create further delays in the already

tight timetable for franchising passenger lines. It raises questions about the thoroughness of the vetting of bids and dashes the hopes of bids which were widely seen as one of the most dynamic management teams to emerge from British Rail.

More important than the fate of one franchise, however, is the strain which will be put on the rest of the franchising process. Mr Roger Salmon and his team are already working at full stretch reviewing bids for the next four franchises and preparing for the sale of later ones. They must now devote time to reassessing the rejected bids for LTS.

The proposed May flotation of Railtrack, the infrastructure offshoot of BR, will become the target of an onslaught by the opposition Labour party. But Labour's hopes of a revolt by worried MPs in the governing Conservative party are likely to be dashed.

Hotels hope for win in soccer tournament

By Clay Harris, Chris Tighe and Ian Harrison Feszy

For three days in June, thousands of Dutch football fans will arrive at Luton or Birmingham in the morning, watch their team play in a European championship match, and fly straight home that night.

Swiss supporters will make similar visits via Manchester airport when their team plays two of its three Euro '96 matches in Birmingham.

Tourism authorities and the hotel industry want the fans to make more than a day trip. But reports of hotels quadrupling prices for the event have worried the Football Association and the English Tourist Board, which wants visitors to stay as long - and spend as much - as possible.

After several lean years, hotels see Euro '96, which kicks off at Wembley with England v Switzerland on June 8, as a chance to enhance revenues. Both the FA and the tourist board concede that premium events command premium prices. Furthermore, there is traditionally high demand for hotel rooms in

June. But Mr Steve Double of the FA said: "We just don't want people to be unreasonable about it." Mr Laurence Bresh, of the tourist board, said that any suggestion of hotels lifting rates dramatically would be "unacceptable".

as I'm concerned," said Mr Arend de Roeper, the owner of Roever, an Amsterdam-based travel agency which is arranging travel for the Dutch national team. "In some cities the football will bring fans for just six or seven nights out of 365 days a year. In turnover terms it means very little but it does create a negative image."

The demand by hotels for a minimum length of stay, especially by groups, is potentially more of a problem for fans. Hotels are often asking for guaranteed stays of 10-11 days or more. The Leeds Marriott, for example, said it was seeking "extended period stays".

The Most House in Liverpool is asking groups to commit to a minimum of 11 nights, June 10-20. Otherwise, it might be faced with full bookings on the nights of the three matches at Anfield and empty beds in between.

Several chains also mentioned the need to ensure that regular customers - often business travellers - were not squeezed out.

Mr Roger Smith, vice president for sales and marketing at Copthorne Hotels, said that

was one reason why hotels were taking a rigorous line with groups by asking for sizeable deposits earlier than usual. Hotels were wary of sudden block cancellations from an eliminated country.

Mr Duncan Moir, general manager of the mid-range Rutland Hotel in Sheffield, said he would be charging rack rate to Danish fans and was already well booked up after making his own sales visit to travel trade contacts in Denmark.

"But we are quoting below rack rate to regular customers such as Sheffield University because this is long-term business and we are not prepared to jeopardise it," he added.

London and Birmingham face the biggest crunch on rooms, with Group A matches played at Wembley and Villa Park. Rooms in Manchester and Liverpool will also be at a premium.

Liverpool is expecting 14,000 visiting fans. But Merseyside in north-west England - which includes the seaside resort of Southport - has only 12,000 hotel beds including about 1,000 in halls of residence owned by Liverpool John

Moores University. Finding accommodation for fans without bookings will be co-ordinated by the Merseyside Tourism and Conference Bureau. Hotels within 80km have asked to be put on its lists.

Russian and Czech Republic fans are expected to be on package tours, but more casual travellers are expected from Italy. A "home stay" scheme, with fans staying at paying guests with families, is also being considered.

In Newcastle, where France, Romania and Bulgaria will play matches at St James' Park, hoteliers say they are seeking standard rates.

"It's an opportunity to sell Newcastle to Europe; they have no intention of ripping people off," said Mr Ian Farington, head of marketing for the Northumbria Tourist Board. The board expects about 40,000 visitors.

Mr David Hall, director of Guillevin's Sports Travel, the FA's official travel agency for Euro '96, said: "The odd ones here and there are overcharging, but the majority are just plain expensive."

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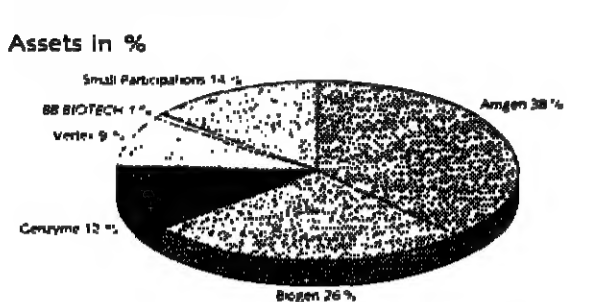
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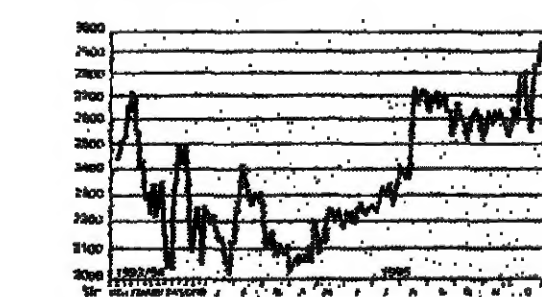


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The Performance

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Watchdog to act over Barings

By Nicholas Denton in London

The Securities and Futures Authority, the industry regulator, is preparing to take disciplinary action against several former executives of Barings, the merchant bank which collapsed nearly a year ago.

The SFA is expected to "downgrade" executives - for example, to forbid them from taking certain executive positions for several years - but not necessarily ban them from working in the City.

The authority's lawyers have finished studying its own investigation into 15 executives including Mr Andrew Tuckey, former deputy chairman of Barings, and Mr Peter Norris, former chief executive of the investment banking arm.

The SFA has followed in the tracks of the Board of Banking Supervision's report into the collapse, which blamed the disastrous \$880m trading loss on weak controls and incompetent management.

Of the group, 11 had their SFA licences suspended soon after the collapse, and were either dismissed from Barings or asked to resign. Mr Tuckey was given a temporary permit which allows him to continue working as a consultant for Internationale Nederlanden Groep, the Dutch bank which acquired Barings.

No executive has received formal notification of the SFA's intentions, and the SFA said yesterday it had yet to make a final decision on whom, if anyone, to prosecute. But it is expected that the authority will in the next few weeks instigate disciplinary proceedings against some executives to qualify their licence to practice in the City of London.

The SFA might bar a former Barings executive from acting as a senior executive officer, for instance, or as manager or controller. He or she might still be permitted to take employment as a corporate financier, consultant, or trader. It is less likely that the SFA will entirely strike former Barings officials off its register.

None of the 12 former Barings executives has been interviewed by the SFA. Tough action without giving defendants the chance to put their case would expose the SFA's action to challenge. SFA sanctions can be appealed against at a tribunal.

The right of the privately financed bridge between the Scottish mainland and the island of Skye to levy tolls is to be challenged in court next month, our Scottish Correspondent writes.

Cases against 169 people charged with not paying the charges were adjourned yesterday. Several demonstrators in traditional Highland dress (left) crossed the bridge to the mainland court behind a bagpipe without paying. The decision by Sheriff James Fraser to consider in detail arguments against the validity of the tolls delighted the non-payers.

Tolls on the bridge are £4.30 (£6.60) for a car in winter and £5.20 in summer. The Forth bridge in southern Scotland charges £0.40 for a car.

UK NEWS DIGEST

Jersey to compete with Caribbean

Couples seeking a quick island wedding will be able to include Jersey as a possible location from next year. The island's government announced plans to change its marriage law to allow people to wed after only two days' residency instead of the 19 days now required. "Now people in the UK and continental Europe wanting a romantic island wedding, but not wanting to go all the way to the Caribbean, will have the ideal venue right on their doorstep," said Mr David de Carteret, Jersey's tourism marketing director. Jersey is the largest of the Channel Islands between England and France.

Jersey intends to compete with the Caribbean, where promotions have recently been launched for quick low-tax weddings, including a best man if required, in Antigua, Barbados and St Lucia.

Sue Stuart, Douglas

Yard raises 'good price'

Mr Peter de Savary, the entrepreneur, has bought the 160-year-old business of Holman's Ship Repairs in south-west England. The family-owned yard in Penzance went into administrative receivership just before Christmas. Although the amount was not disclosed, Mr Duncan Swift, a joint administrative receiver from Grant Thornton, the accountancy firm, said a "good price" had been paid. Holman's, which has a 75m dry dock, had debts of about £750,000 (£1.15m) when receivers were called in by Barclays, its bankers.

Roland Adburgham, Bristol

Latest contracts

Bundy Asia Pacific, the automotive and refrigeration components joint venture between Britain's Ty and Tubemakers of Australia, is

investing \$3m in a 75 per cent stake in a new tube manufacturing plant in China. The facility will supply brake and fuel line systems to the Citroën car plant being built at Wuhan. AOZT Autopark Trinity, a joint venture formed between Chartwell International Group and Russia's Trinity Group have agreed to manage the construction, ownership and operation of a multi-storey car park at Sheremetyevo 2 Airport in Moscow.

Holiday flights miss times

Taking off on time



Nearly half of holiday flights at British airports leave or arrive late, although punctuality is improving, says the Civil Aviation Authority. Between July and September last year 52 per cent of charter flights at seven UK airports were on time, measured by their arriving or leaving within 15 minutes of schedule. Passengers at London Gatwick, the biggest holiday airport, had the longest waits last summer, with 48 per cent of charter flights leaving or arriving on time.

Peter Marsh, Industrial Staff

Shooting ban: The government placed a 10-day ban on the shooting of wild ducks and geese. Ministers decided that the cold weather was posing enough of a threat to the survival of wildfowl without the risk of being shot down by sportsmen.

Drought warning: The Northern England city of Manchester, famous for its frequent long periods of rain, has been one of the driest urban areas in Europe in the past 10 months, said North West Water, the company which supplies the city's water. Since last April Manchester has had 52 per cent of its normal rainfall.



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Wimpey and Tarmac swap asset details

By Andrew Taylor,
Construction Correspondent

Wimpey and Tarmac yesterday indicated the scale of their profits decline in 1995 as they announced details of their asset swap, the biggest ever restructuring in the UK construction industry.

Wimpey said its pre-tax profits for 1995 would not be less than £15.5m compared with £45.1m in 1994.

Tarmac, after a £20m provision, expects pre-tax profits to be no less than £25m. This is compared with £107.2m in 1994.

Shares of Wimpey were down 5p at 135p while Tarmac shares rose 2 1/2p to 120 1/2p.

The companies have responded to the difficulties of operating broadly-based construction, housebuilding and building materials businesses by swapping non-core activities to concentrate on those they believe will generate better returns.

Wimpey is transferring its quarries and contracting businesses employing about 4000 people for Tarmac's housebuilding division employing about 2000.

Mr Neville Simms, Tarmac's chief executive, said he did not expect the swap to dilute group earnings in 1996. To achieve this target, Tarmac would need

to sweat an extra £15m-£20m of earnings out of the Wimpey businesses from improved profitability savings.

Hundreds of jobs were likely to be cut. However, job losses were likely to be less heavy at Wimpey which intends to run Tarmac's housing operation as a separate unit.

Wimpey's housebuilding business, already the country's largest, will almost double in size to command about 8 per cent of the private sector new housing market, ahead of Barratt and Beazer each with about 4 per cent.

Mr Simms said the transfer will reinforce Tarmac's position as the UK's biggest supplier to the construction industry of crushed rock, sand and gravel with a 20 per cent market share.

The combined value of the businesses being swapped is about £600m. To balance the value of the assets, Wimpey is writing down reserves by £22m. Net debt, estimated by analysts at £170m at the end of December representing gearing about 30 per cent, would rise by about £40m as a result of transferring cash currently held by the construction division.

Tarmac's net debt of about £350m was likely to fall by about £50m said Mr Terry Mason finance director.

Man United scores winning sponsorship deal

By Patrick Harverson

Manchester United has negotiated a new multi-million pound sponsorship deal with Umbro, the US-owned sportswear manufacturer which makes football kits and replica merchandise for the publicly-quoted club.

The value of the agreement has not been disclosed, but analysts estimated it between £40m and £60m over the next six years. This is substantially more than the five-year £10m deal signed by United in 1992.

The original contract was not due to expire until next year. However, Umbro was willing to renegotiate the final 18 months of the contract and sign up for another four years at a much higher price because it feared losing the United deal - the most lucrative in British football - to rivals such as Reebok and Nike.

Competition among sportswear manufacturers for sponsorship and merchandise licensing rights has intensified in recent years as the sale of replica team kits boomed. Reebok recently signed a five-year £25m deal with Liverpool and the US group was reportedly keen to lure United away from Umbro.

Analysts also speculated that Umbro had renegotiated the deal early to pave the way for a flotation of the company, which is owned by

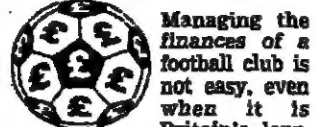
Stone Manufacturing, a private US group. One said: "Umbro apparently are planning to float and they were keen to tie up all their best deals ahead of the flotation."

The deal set the seal on a remarkable week for the Manchester club. In the past five days its shares have jumped 15 per cent to 229p, as investors reacted to the news that more British clubs were to be allowed to enter lucrative European competitions next season. It was also boosted by the news that the Premier League's television contract with Sky was being referred to the Restrictive Practices Court.

Increased British participation in European competition should raise United's television and gate revenues substantially, and the referral of the Sky contract raises the possibility that clubs will be able to sell the rights to their games individually.

Fancy footwork takes team top of the league

In the first of a series on football clubs' finance directors, Patrick Harverson visits Manchester United



Managing the finances of a football club is not easy, even when it is Britain's largest and most successful club. Ask Mr Robin Launders, finance director at Manchester United.

Buying a player for £5m or £7m, for example - a common enough occurrence in today's game - is something that Mr Launders still has not really come to terms with, even after spending five years with the club.

The idea of paying large sums of cash for players, he says, "runs counter-intuitive to the instincts of a finance director".

The financial risks, uncertainties and value judgments involved are beyond his ken, or they were when he was told soon after joining United in 1991 that the club was paying £1.5m, or 10 per cent of the club's entire turnover, on the Queens Park Rangers defender Paul Parker.

As Mr Launders explains now, "I asked Martin Edwards [United's chairman] is this right? He said yes it was, but for me it was still intellectually puzzling. There is no real financial analysis you can do in that situation. How does one bring the art of management science to the problem? I don't think you can."

The comments are typical of the 45-year-old Mr Launders, whose earnest, quizzical mind might seem out of place in the prosaic world of professional football, were it not for the fact that the game in the UK has undergone a remarkable transformation in the past five



Robin Launders: When he joined, the club made a profit of £2m on revenues of £10m; last year profits were £20m on revenues of £80m

years. Since 1990, the game's infrastructure has been improved with the modernisation of many football grounds; money from television contracts has rocketed into the stratosphere; merchandise sales of merchandise have boomed, and a string of new owners has introduced a tough business ethic into a game renowned for its mismanagement and precarious financial foundations.

As Britain's most famous club and the sport's most prominent plc, United has been at the vanguard of this revolution. Like the game itself, the club has come a long way in a short

space of time. In 1991 United made a profit of only £2m on revenues of £10m.

When Mr Launders was interviewed for the post of finance director that year, he says he told the board one thing: "If the business can generate enough cash to pay the dividend, develop the team and develop the stadium, then it's viable."

Today, United is not only viable, it is a veritable money-making machine. Last year profits were £20m on revenues of £80m. That growth has come from a variety of sources.

Whereas game tickets were once the mainstay of revenues, sales of club merchandise now

contribute the most to the coffers, followed by gate receipts, television fees, sponsorship, advertising, video and magazine publishing, and conferences and catering.

Even the club museum, which attracts tens of thousands of visitors annually, makes a nice profit. As Mr Launders says: "I'm not fussed where it comes from, as long as it is quality earnings."

Yet, United's growth as a business has not been universally applauded. Some fans complain the club has become too commercial, and deserted its traditional working-class fans by overcharging for tickets, focusing too much on corporate hospitality activities and regularly changing its official kit to boost merchandise sales.

However, Mr Launders argues that the club, like any other public company, has to manage its affairs in the best interests of its shareholders.

Unfortunately, United's army of fans have a different idea as to what constitutes the best interests of Manchester United. Although 12,000 fans are also shareholders, most own only a few shares each. For them, success is not defined in terms of the share price or the size of the dividend, but winning football trophies.

They also view the club as a

community asset, rather than a purely profit-making enterprise. At the company's annual meeting last year, supporters voiced dissatisfaction at increased ticket prices at Old Trafford, the club's stadium.

The supporters believed United should have sacrificed some profit to reward fans for their loyalty.

If the fans think they know how the business should be run, Mr Launders says it can also work the other way round.

At the start of the current season, two fund managers with sizeable holdings in the club told him they were worried that United had weakened the squad too much by selling three star players in the off-season: Paul Ince, Mark Hughes and Andrei Kanchelskii. He tried to reassure them that the deals had been good for the club, but like any ordinary football fans, the fund managers thought they knew better.

Having to balance the interests of shareholders and fans is one of the most difficult tasks he faces as finance director, Mr Launders admits. He likens it to "galloping around a circus ring riding two horses bareback. One is called the City and one is called the fans. We have to keep them running in parallel to stop us from doing the splits."

So far, United has managed to avoid the splits. The club has kept shareholders happy by generating good growth - in the past 13 months the shares have gained 80 per cent in value, outperforming the stock market by a factor of four - and the club has kept the fans happy by producing a successful football team.

NEWS DIGEST

Wm Baird shares fall on warning

Shares in William Baird, supplier of clothing to Marks and Spencer, dropped 13p to 168p yesterday as the group joined its rivals in issuing a profits warning.

The group, which launched a restructuring programme in November, said 1995 pre-tax profits before exceptional costs would fall below market expectations and the £25.1m achieved in 1994.

Mr Jock Green-Armstrong, William Baird chief executive, said that turnover in the second half had increased despite weak consumer demand and the abnormally warm autumn. However, margins came under pressure from rising raw material costs and a reluctance by retailers to hold stock.

"Trading conditions in the engineering division, most of which has already been sold, were also difficult. Analysts downgraded forecasts from £13m to £10.2m. This included the £9.8m exceptional restructuring charge."

Mr Green-Armstrong said the company was set for improvement in the current year. "We took our medicine in November, so I think we are a lot stronger going into 1996 than we were going into 1995."

GWR buys into London radio

GWR has acquired a 31 per cent interest in London News Radio for a total commitment of £2.2m.

The Bristol-based commercial radio group is taking 49,000 shares in the newly established company at £1 each, and £448,400 in loan notes. It has also committed to a maximum further investment of £1.71m, its share of a working capital fund, also to be taken in shares and loan notes.

LNR was set up to acquire the business of London Radio Services, operator of two radio services in London and owned by Reuters. Its other shareholders are Independent Television News (29 per cent), Reuters (20 per cent), and DMG Radio London (20 per cent).

The total deal, worth £7.1m, will be completed by April 1.

Seacon slips to £853,000

Exceptional redundancy costs and interest charges left Seacon Holdings, the USM-traded shipping group, with lower pre-tax profits of £853,444 against £973,885 for the year to September 30.

Mr Chris Roth, chairman, said that redundancies, costing £63,575, would result in cost savings at the London steel terminal in excess of £100,000. He expected a similar exercise at the Northfleet terminal would lead to even higher savings.

Mr Roth said the company intended to apply for a full quote.

Chesterton in British Gas buy

Chesterton International, the property services company, is paying £7.5m in cash and shares for British Gas Properties Facilities Management, which services 2,500 buildings occupied by British Gas, including the company's new executive headquarters.

The cost of services procured by BGFPM and recharged to British Gas was £60m last year, and the acquisition increases Chesterton's total annual service charge to £150m.

British Gas is also to subscribe for an additional 669,565 Chesterton shares for £600,000. It will have an interest in 16 per cent of the enlarged share capital of Chesterton.

Boosey & Hawkes purchase

Boosey & Hawkes, the Edgware, north London-based musical instrument maker, has reached agreement to acquire Bote & Bock of Germany for DM6.4m (£2.51m).

Mr Richard Holland, chief executive of Boosey, said the acquisition fulfilled a "long-held objective to expand our publishing presence in Germany alongside our existing operations in the UK, North America and Australia." Bote is a family-owned business founded in Berlin during 1839 whose catalogue of composers includes Richard Strauss, Max Reger and Pietro Mascagni.

The purchase excludes the "unprofitable record shops", Mr Holland said.

Harmony deal falls through

Shares in Harmony Property Group fell 1 1/2p to 3 1/2p when trading recommenced yesterday after the company said it was not proceeding with the acquisition of Galliard Homes.

Dealings were suspended last October when the reverse takeover, which valued Galliard at £18.8m, was announced. The acquisition had been seen as the final stage in Harmony's transformation from a leisure to a property company and its transformation from a leisure to a property company and its transformation from a leisure to a property company.

Costs associated with the aborted transaction will be taken in the second half. During the negotiations, Harmony's properties were independently revalued and as a result it took an exceptional charge of £952,000 against fixed assets. This pushed pre-tax losses to £1,011m (£802,000) for the six months to September 30.

Carlton chairman ponders £3bn deal

By Raymond Snoddy

Mr Michael Green, chairman of Carlton Communications, the television and television services group, was yesterday considering the implications of the £3bn agreed merger between United News and Media and MAI.

Mr Green interrupted a holiday in the Caribbean to return to London when news of the deal broke.

The Carlton chairman who would one day like to own national newspapers has had informal conversations with Lord Stevens, chairman of United News, publisher of the Daily and Sunday Express, in the past. MAI, the broadcasting and financial services group which owns Anglia Television and controls Meridian Broadcasting, the south of England ITV company, was widely seen as a possible target when the present Broadcasting Bill becomes law later this year.

"No comment" was the only response Mr Green would make yesterday to the suggestion that he might intervene in the United-MAI merger.

Although Mr Green believes the proposed merger lacks industrial logic he has always been financially conservative and has never mounted a hostile takeover.

Some imaginative corporate engineering would also be required to overcome rules in the 1990 Broadcasting Act preventing one company owning more than two ITV licences.

Carlton has already created a "warehousing" operation to hold more shares in Independent Television News than current rules allow.

Troubled Hickson Intl appoints chief executive

By Motoko Rich

Hickson International, the beleaguered chemicals company, has taken a step towards recovery with the appointment of Mr David Wilbraham, formerly chief operating officer of Laporte, as chief executive.

Mr Wilbraham, who spent three decades at Imperial Chemical Industries, is coming to Hickson after nearly four years at Laporte, the specialty chemicals group. He was responsible for fine chemicals and timber treatment, divisions which are similar to Hickson's core businesses.

He is the third board director to leave Laporte since Mr Jim Long took over as chief executive last October. He is joining on a two-year contract, at an annual salary of £200,000.

He replaces Mr Dennis Kerr-

son, who was appointed as chief executive in 1992 but resigned last November as the company warned that it would make losses in 1995 and announced that it would pass the dividend.

During Mr Kerrison's tenure, Hickson was hit by industrial accidents and underperforming subsidiaries.

It was also caught in the soap wars between Unilever and Procter & Gamble, as its contract to make the catalyst in Unilever's Persil and Omo Power Detergents was cancelled when the products were dropped.

Laporte is now seeking a replacement for Mr Wilbraham, likely to be from outside the company. The group is also looking for a new finance director, following the resignation of Mr William Hoskins last month.

Analysts left their forecasts unchanged at pre-tax losses of £20m after exceptional charges. The provisions may be slightly higher than originally envisioned in November.

COMMENT

The market gave Mr Wilbraham's appointment a lukewarm reception: Hickson shares eased 1p to 85p. Although he has a respectable record in ICI and Laporte and is considered a competent manager, the City is wary about the fact that he held the title of chief operating officer at Laporte, but only had a few divisions reporting to him. He will have to convince the market that he is capable of executing the tough decisions necessary to reform Hickson.

Shire Pharmaceuticals raises £40m from flotation

By Motoko Rich

Shire Pharmaceuticals Group has raised a total of £40m in a flotation which has yielded £20.7m in new money and a further £19.3m on behalf of existing shareholders.

The group, which will be valued at £106.6m when dealings begin on February 15, achieved a placing price of 175p per share.

When the pathfinder was published last month, the group was expected to raise £35m. Four of the group's directors, including Mr Rolf Stabel, chief executive and formerly a director of Wellcome, have subscribed to the new shares.

Mr Rod Bransgrove, non-executive director, has sold about 1 per cent of his holding, making £1.5m on the transaction. His remaining holding, some 6.6m shares, is valued at about £11m at the flotation price.

Johnson & Johnson Development Corporation, an affiliate of the Belgian company which signed a development deal with Shire on its treatment for Alzheimer's disease last month, has raised its stake from less than 1 per cent to about 1.6 per cent.

The flotation is being sponsored by Panmure Gordon. Mr Tim Linacre, director of corporate finance, said there was "significant institutional demand".

Shire, which specialises in developing, marketing and licensing treatments for osteoporosis and disorders of the central nervous system, made pre-tax losses of £7m in the year to June 30.

In the first quarter of the current year it incurred a £1.2m loss, but it is expected to achieve profitability in the near term because of its development deal with J&J.

United Breweries in profit and £20m expansion

By David Blackwell

United Breweries, the Buckingham-based public house operator, yesterday reported a return to the black and a £19.75m acquisition that will double its size.

After the deal, United will be almost unrecognisable from the group as it stood less than a year ago, when it had 70 pubs and a market capitalisation of £200,000. The acquisition, to be carried out through a placing and open offer, will give it a total of 277 pubs and a market valuation of £24m.

Until last March United was controlled by Mr Vijay Malloya of US International, India's sixth biggest company. Mr Malloya, who has resigned from United's board, will hold just under 8 per cent of the new company, to be renamed Inn Business Group.

Shares in United were pending the deal, which will cut group gearing from 37p to 115p per cent. The shares will be consolidated at 1-for-40, and a placing and open offer at 50p a share is planned to raise

£9.85m net of expenses. The acquisition is Mr Malloya's private group that has 134 pubs in southern England. In the year to November 25, Malloya had operating profits of £1.82m and net assets of £11.1m.

Architect of United's transformation is Mr Alan Jackson, who took over as chief executive in April last year. As part of a restructuring exercise, United agreed to reverse into Inn Business, a chain of 70 pubs owned by Mr Jackson and his associates.

United yesterday reported pre-tax profits of £204,000 for the year to November 24, compared with losses of £10.2m. Turnover rose 45 per cent to £7.7m.

Mr Jackson, who will own more than 4 per cent of the new group, said profits would have been more than £1m if the April restructuring had been in place for the full year.

The integration of the two businesses had gone better than expected, and he was aiming to expand to between 500 and 600 pubs within the next two to three years.

Recovery hopes lift Nightfreight shares

By Ian Hamilton Fozzy

Shares in Nightfreight, floated two years ago, picked up 11p yesterday to close at 70p after the Liverpool-based parcel delivery group announced static pre-tax profits and dividend but demonstrated its problems may be on the way to a solution.

Nightfreight's prospects appeared damaged by the loss of its contract to distribute The Independent newspaper after the latter's change of ownership and its share price plunged from its flotation level of 105p.

It had already warned that 1995 profits would be about the 1994 level of £4.51m. However, the final outcome of £4.62m represented an erosion of margins, as turnover rose 23 per cent to £27.33m (£24.62m).

Earnings per share declined

9 per cent from 7.48p to 6.78p, but the final dividend was again 2.25p, maintaining the total at 3.83p.

Mr Russell Grant, chief executive, said he expected to announce substantial new long-term business to help close the gap within a few months.

Analysts felt Nightfreight was back on course and set to do better, despite the tight market for its services. Losses at its Oxford and St Neots depots were being addressed and could show a turnaround worth £200,000 this year. This should help 1996 profits towards £5.3m and resuscitate earnings per share to 1994's level of 7.5p.

That would give a p/e of 9.3 on last night's close - possibly cheap if the company manages to live up to this year's rising expectations.

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COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Supply tightness lifts coffee

Renewed concern about nearby supply tightness in the world coffee market fuelled a sharp rally in the London Commodity Exchange robusta contract towards the end of last week.

An early return of US investment fund buying was followed by a mid-week downturn as traders reacted against "overcooked" market conditions, and on Wednesday the second position May delivery price dipped to \$1.810 a tonne, down \$80 from the end of last week. On Thursday, however, the mood changed in response to the result of a Brazilian domestic coffee auction, which tended to confirm that the world's dominant producer's immediately available supplies remained uncomfortably tight. Traders also noted a dearth of fresh sales from producers in other Latin American countries and in Asia as the price climbed to \$1.877 a tonne at yesterday's close.

Another reflection of the supply concerns was provided by a widening of the March/May price spread. The "normal" situation in futures markets is for nearby values to be at discounts to forwards, reflecting the cost of holding physical material (storage, insurance and lost interest). When spot supplies are tight this can reverse into a premium, or "backwardation", which has been the case in the coffee market for some time. The March/May backwardation ended last week at \$88 a tonne, this narrowed to \$80 on Wednesday before moving out again to \$88 yesterday.

Traders told the Reuters news agency yesterday that prices appeared to be building a base for another short-term upward burst.

"Over the very short-term, the next month or so, the contract is likely to attempt another push up," said one. The last upsurge peaked at the end of January when worry

over frost and rain damage to Mexican and Central American crops drove the March contract (then the second position) to a 2½-year high of \$2,500 a tonne, \$35 above yesterday's closing current level.

Base metals contracts on the London Metal Exchange had a mixed week, with aluminium and tin following the cautious rise in copper but nickel, zinc and lead all ending lower.

As three months delivery copper rose \$10 yesterday to \$2,530 a tonne, up \$13 on the week, traders were struck with

the contract's continuing inability to break through the \$2,500 barrier, in spite of the announcement yesterday of a higher-than-expected fall in LME warehouse stocks. "Prices did not get any solid boost from the stock draw this morning despite the fact that the fall was almost double expectations of approximately 2,000 tonnes," commented London broker GNI said in its daily market report.

Aluminium did a little better, ending up \$10 on the day and \$39 on the week at \$1,639.50 a tonne for three months delivery. Traders told Reuters that the market was underpinned by news that flooding had slowed power generation at the Bonneville Power Authority dams, which serve smelting capacity in the US north-west.

The gold market surrendered a large part of its recent advance this week with the London Bullion Market price ending \$9.90 lower at \$405.50 a troy ounce. But the bulls were not despairing. They argued that a substantial "correction" was needed following January's near-\$30 rise.

"In a bull market you can get some quite nasty moves down," one dealer told Reuters, adding that much of the recent selling was by professionals.

Richard Mooney

BASE METALS

LONDON METAL EXCHANGE

(Prices from Antismelted Metal Trading)

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COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Saturday February 10 1996

Merging and demerging

The conventional wisdom, these days, is that companies should stick to their knitting, focus on their core businesses, avoid at all costs the dangerous word "conglomerate". Yet as Lex points out elsewhere in this edition the stock market has greeted with distinct coolness the prospective demerger of two big UK companies - Hanson and British Gas - into more focused entities.

At the same time, investors appear to relish the prospects for the merger between United News & Media and MAI, which makes of two already quite diversified components a still more diversified whole. And Granada's takeover of Forte won the blessing of shareholders who freely admitted that the industrial logic for the deal was less than compelling.

Part of the excitement in the United/MAI case is the thought of rival bids for either or both of the merging partners. Still, part of the favourable response undoubtedly reflects a continuing belief in the traditional virtues ascribed to conglomerates. These include the spreading of valuable management skills - in this case attributed to MAI's Lord Hollick - to a bigger business, the potential economies of running a larger company with a smaller head office, and the perceived synergy between the media activities of the two companies. In the Forte case, much weight was placed on Granada's management skills.

Similarly, the lack of excitement about recent demergers reflects a lingering appreciation of the benefits of conglomerates, the conviction that at some level the whole is greater than the sum of its parts. In Hanson's case, the magical ingredients, now to be sacrificed, are tax wizardry and value-transforming takeovers. The underperformance by the group in the past year, and the lacklustre response to the demerger, reflect slow, sad recognition that Hanson's acquisitive days are over.

Triumph of hope

There is one other factor at work, however. Anglo-Saxon financial markets typically display an inbuilt preference for action over inaction, for stock-market transactions over the slow creation of value by organic growth. Though a company's share price often falls when it announces a takeover, the reduction usually does not capture the potential loss of shareholder value that would follow from a bungled acquisition.

Since many takeovers fail to achieve adequate returns for shareholders and some fail disastrously, it would seem logical to expect the shares of an acquiring

company to go to a bigger discount. The fact that they do not reflects not merely the triumph of hope over experience, nor the incantations of merchant bankers and financial PRs, but the stock market's bias for action.

In principle, a demerger is as much an active step as an acquisition. Those companies which have been able to present demergers in this light - ICI, BAT, AT&T - have usually won the stock market's blessing. Where a demerger appears to represent an essentially defensive move by a company otherwise running out of puff, the market is much less sympathetic.

Television business

Given these instinctive reactions, the market can surely find little excitement in the current UK merger wave. A large number of recent takeovers have been inspired by regulatory changes: the transformation last year of the utilities sector, for instance, stemmed from the expiry of government restrictions on mergers in this field. The impact on the television business of the proposed broadcasting bill is also now showing up in takeovers. Though big industrially-driven mergers do occur - especially in financial services - those caused by regulatory factors are a disproportionate share of the total.

For an investor, the issues raised by recent trends are potentially tricky. Where a demerger is merely crystallising a company's loss of impetus, the total value of the separate entities should be no lower than before, and arguably higher since some at least of the newly independent companies will benefit from their new freedom. The distribution of assets and liabilities between the new entities may make one of them more attractive than the others, of course, but that does not affect the total value of the package.

In the case of mergers, shareholders of the acquiring company must satisfy themselves that there are real potential gains to be made from the combination, with a probability of success great enough to offset the generally unfavourable outcome of such transactions.

Yet rationality can only take you so far. As long as Anglo-Saxon markets continue to display their bias for action, demergers without an "active" story to tell will prove unpopular, and mergers will benefit from a welcome that does not entirely reflect the historical pattern of successes and failures. In the long run, such skewed market perceptions offer arbitrage opportunities. In the short run, they can wrong-foot the shrewdest investor.

Prosperity without profits

A record 65m PCs were sold last year but many manufacturers are struggling on slim profit margins, say Louise Kehoe and Paul Taylor

Consumer demand for high-performance personal computers has never been stronger, but for many PC manufacturers life has never been tougher.

This apparent contradiction is at the heart of the complex deal announced this week by Packard Bell, the leading US supplier of home computers, NEC of Japan, and Zenith Data Systems, the struggling PC subsidiary of France's Groupe Bull.

Further consolidation of the \$120bn worldwide personal computer industry appears likely following the three-way deal under which Packard Bell will receive a \$280m cash infusion from NEC and acquire the assets of ZDS.

Although a record 65m PCs were sold round the world last year, many manufacturers are struggling to survive on razor-thin profit margins. Analysts say the industry's "profitless prosperity" makes it ripe for a round of mergers, acquisitions and alliances as PC companies join forces with each other, or with their component suppliers, to create an elite cadre of "global players".

Packard Bell, which has grown rapidly to become one of the world's largest PC manufacturers through aggressive pricing, smart marketing and by spotting consumer trends ahead of its competitors, could become the model for a new generation of PC market leaders as the industry is reshaped.

That is a galling prospect for PC industry pioneers such as Apple Computer, International Business Machines and Compaq Computer, which established their leadership roles through technology innovation. Today, the keys to success in the PC market have more to do with marketing, distribution and logistics than technology. Size also remains a critical factor.

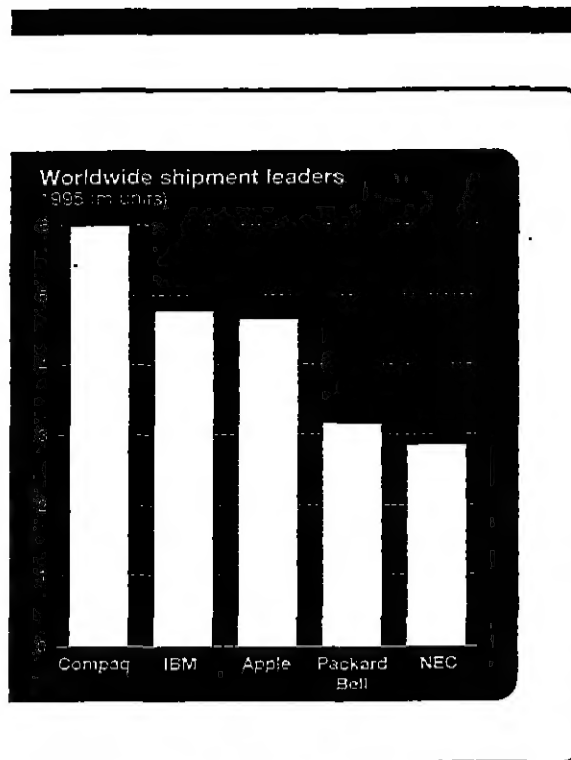
Through its acquisition of ZDS, Packard Bell aims to enter the business, government and education sectors of the PC market; these are generally more profitable than the home computer sector where Packard Bell is currently focused.

The combined annual revenues of the two companies based on 1995 figures would be \$5.5bn, making the merged companies a "top tier" PC maker. NEC's new investment will also provide the US PC manufacturer with a welcome cash infusion.

As a privately-held company, Packard Bell does not report its financial results, but industry analysts say that the company lost money last year; some have characterised NEC's investment as a "rescue".

Yet Packard Bell is hardly alone among PC manufacturers in facing financial difficulties. Apple Computer, renowned as a PC technology innovator, is struggling to adapt to the new world order. Having reported losses of \$86m for the quarter ended in December, Apple this week announced that it expects deeper operating losses in the current quarter as well as restructuring and other charges.

IBM's \$10bn personal computer



US shipment leaders		1994		1995		Growth	
Vendor	(000 units)	Market share (%)		(000 units)	Market share (%)	(%)	
Compaq	2,335	12.6		2,756	12.2	18.0	
Packard Bell	2,130	11.4		2,554	11.3	19.8	
Apple	2,185	11.6		2,504	11.1	15.7	
IBM	1,668	9.0		1,876	8.3	12.4	
Gateway 2000	980	5.2		1,143	5.1	16.1	
Dell	790	4.2		1,038	4.6	31.1	
Hewlett-Packard	443	2.4		1,004	4.6	126.6	
Acer	456	2.4		819	3.6	80.1	
Toshiba	678	3.6		779	3.5	15.2	

business, while recovering, is still only marginally profitable after several years of losses. AST Research, a one-time high flyer in the US PC market, has recorded losses for the past 18 months and shows no signs of a short-term recovery, according to financial analysts.

Other signs of profit margin pressure in the PC industry include Digital Equipment's recent decision to bow out of the home computer sector and Olivetti's warning that it will pull out of its loss-making PC business if it cannot turn it round by the end of this year. Escom, the German PC maker, lost money in what should be the strong quarter leading up to Christmas.

Behind these woes is a sharp decline in gross profit margins throughout the PC industry. Three years ago, manufacturers were achieving gross profit margins of around 40 per cent of revenues. Today, the average is about 20 per cent, and the figure is still falling.

Several trends in the PC market have combined to create this "margin squeeze". Most significant has been the rapid growth of the consumer sector, which is more price sensitive than the corporate and government sectors. In the US, where an estimated 38 per cent of households already have a PC, sales to home users represented 44 per cent of shipments last year.

While home computer buyers demand the very latest technology to avoid early obsolescence, manufacturers find that these consumers are unwilling to pay more for a superior product. In the US, the cost of a middle-of-the-range multimedia PC has remained at about \$2,000 for the past few years despite significant product improvements.

Many observers have pointed to the "commoditisation" of the PC as a reason for industry turmoil. Since most PC manufacturers use the same standard components and software (Apple Computer is a nota-

ble exception) their products are very similar. Thus competition is increasingly based on price.

The growth of the PC industry has been driven by rapid technology development which creates demand for new models. But most innovation has occurred in chip technology and software, rather than at the PC system level where the dominant industry standard precludes significant differentiation.

Indeed, research and development spending by most PC manufacturers has declined over the past four years from an industry average of just under 4 per cent of sales to about 2 per cent of sales.

In sharp contrast, Intel, the dominant supplier of microprocessors to the PC industry, ploughed 8 per cent of revenues, or \$1.3bn, into research and development last year. Microsoft, the leading PC software supplier, spent \$800m on research and development last year, or 15 per cent of its \$5.94bn sales. These com-

panies, which drive the pace of technology change in the PC industry, have in effect relegated PC makers to the role of "box builders", a term resented by some of the largest PC manufacturers.

Intel, in particular, has played a central role in reshaping the PC industry. Determined to accelerate market acceptance of its latest microprocessor chips - so that it can maintain a technological advantage over competitors and boost market growth - Intel has over the past two years become one of the world's largest manufacturers of the PC "motherboard", the main circuit board in a PC.

Intel entered the motherboard business to bypass a bottleneck between itself and the end-users of PCs. Established motherboard manufacturers, many of them relatively small Taiwanese companies, were slow to invest in the design of new circuit boards using Intel's latest chips, so Intel stepped in and made the motherboards itself.

Salomon Brothers analysts estimate Intel's 1995 motherboard production at 10m units, and predict it will increase to 30m this year. Consumers have benefited from Intel's efforts but PC manufacturers have mixed feelings. By expanding production of motherboards, Intel has enabled companies such as Packard Bell and other "clone makers" to fragment the market and intensify price competition.

Mr Michael Spindler, former chief executive of Apple Computer, lashed out at Intel last year, charging that the chip company had "ruined" the PC business by building motherboards. Packard Bell, Mr Spindler charged, was nothing more than an "el cheapo packeter". But by the time he departed from the loss-making Apple last week, Apple itself had been forced to alter its strategy and had begun to speak of finding outside manufacturers for its own products.

Despite the pressures, some PC manufacturers are thriving. Compaq Computer, the world market leader, continues to grow strongly, in part because it has diversified into the "server" market for computers that power PC networks. Hewlett-Packard, the second-largest US computer company, has made a successful entry into the consumer PC market over the past year. Sony of Japan, in collaboration with Intel, is set to launch a range of home computer products combining its consumer electronics expertise with PC technology.

Yet for smaller PC manufacturers the outlook is bleak. Many will combine to achieve "critical mass", predicts Mr Mike Sketo, managing director of J F Morgan's leading technologies group, which advised Packard Bell in its recent transactions. Others, he suggests, may be acquired by PC component suppliers which are seeking direct links to the end-user market. The days of PC garage start-ups are clearly over. In future, it appears, the industry will be dominated by a few deep-pocketed companies with marketing clout and global reach.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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Technical analysis well worth using if it helps

From Mr Gregory A. Nis.
Sir, I found the "In The Pink" article by John Train ("Don't waste time on charts", February 3/4) on technical analysis quite interesting, but a bit self-serving and incomplete. The better decision is not whether fundamental analysis or technical analysis is more "right" or more "wrong".

The critical decision in the fast-changing "modern" world is to find a game plan that produces comfort, confidence and durability to the investor. For some, it is the traditional "buy and hold" that is rooted in fundamental analysis. More power to them if that is the style that instils discipline into the investment process.

There is a growing number of market participants who behave as if the definition of "long-term" is headed for six months, if it is not already there. It's the way of the world in the information age and the growing performance orientation of investment professionals as well as individual investors through the recent boom in mutual funds.

If you'll permit me this assumption, one can see the value

of technical analysis as another tool to manage risk versus reward, especially as the investor's time horizon shrinks. Quite often I sum up a discussion about an individual stock by saying "the market knows more than you or I". Chart breakouts and breakdowns are a message triggered by the collective wisdom of all market participants.

The ultimate key is consistently following the discipline of entry limits, targets and stop losses that I find comes more easily from the technical side than the fundamental side.

There are certainly merits to both fundamental and technical analysis while neither has any claim to infallibility. I'm sure Mr Train has an outstanding but imperfect investment record. The bottom line is: if it helps investors reach their investment goals, then technical analysis should be a part of a good game plan.

Gregory A. Nis, senior vice president, technical research, Eveready Securities, Chicago, IL, 60601 US

Breakthrough for Islamic investors may take years

From Mr Anthony B. Buckwell.
Sir, You report "Flemings launches fund for Islamic investors", February 3/4) Fleming's imminent launch of the Oasis Fund which purports to represent a breakthrough for Islamic investors. I hope this will indeed be the case, having had 16 years' relatively close involvement in and observation of this sector. The international financial community, as distinct from local Islamic institutions, has been regularly frustrated in its efforts to tap Islamic funds for equity-type investments.

I confess to an ongoing scepticism. Many of those sitting on Sharia committees have little or no commercial experience and, for this reason alone, find it onerous to resolve practical problems referred to them, preferring (sensibly) to issue declarations of their interpretation of religious dictates. Furthermore, while it has often been possible to obtain the Sharia supervisory committee's approval for specific types of underlying investment and transactions, subsequent debates between one institution's Sharia committee and another's have resulted in a

refinement of their criteria and the resultant exclusion of such underlying businesses. This evolutionary process can be accommodated in short term deployments but represents a significant obstacle to the establishment of the durable vehicle which a fund must seek to achieve.

I have observed Sharia committees' diverse views on the suitability of investing in quoted industrial and commercial companies which either receive or pay interest. The resultant views on what constituted a company with an acceptable level of debt (or interest bearing cash balances) became a quantitative rather than a qualitative assessment; such investments then became vulnerable to attack by the more rigorous committees.

I wish Fleming's success, but to measure the success of a breakthrough may necessitate a period of years rather than months.

Anthony B. Buckwell, Craven Keep, Park Lane, Hamstead Marshall, Newbury, Berks RG15 0JQ, UK

Construction of Australian rail link still awaited - 80 years on

From Mr Gordon Wiseman.
In the article "Upgrade proposed for Australian rail" (February 6) your correspondent is quite correct to say "The Northern Territory Government... has long urged construction of a (Alice Springs-Darwin) rail link". Just how long she may not realise. Permit me to quote from The Railway Gazette of May 5 1911:

"In consideration of the surrender of the Northern Territory, the Commonwealth Government undertakes to construct a railway from Port Darwin southwards..."

In fact, a railway was built as far as Birdum, 400km into the bush, but it never reached Alice Springs and was closed in the 1970s, when once again the federal government promised to replace it

with something better. Your report is less correct concerning track gauges in Australia. The railways of New South Wales were built to Standard Gauge (1,435mm) from their inception in 1855, but wide (1,600mm) and narrow (1,067mm) were used in neighbouring Victoria and Queensland respectively, despite, and again I quote from The

Railway Gazette in 1911: "In 1846, it is said, the late Mr Gladstone, then Colonial Secretary, advised... that a 4ft 8 1/2in gauge should be adopted in any railway project undertaken by the colony".

Gordon Wiseman, 170 Gander Green Lane, Sutton, Surrey SM1 2HG, UK

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Man in the News • Richard Giordano

Fattest cat in the gaslight

David Lascelles on a manager who demands energy from his staff

One of the London newspapers reported this week that Richard Giordano, the chairman of British Gas, owns a luxury yacht, a Rolls-Royce, a holiday home on Martha's Vineyard, and a spacious flat in Cadogan Square in the heart of fashionable Belgravia. This is not true: he will be writing to the editor to say that he has sold his yacht, he does not own a Rolls-Royce or a place on Martha's Vineyard, and his flat - a small one - is in neighbouring Baton Square.

But correcting the facts will do little to dispel the myths surrounding the man who long held the title of Britain's highest paid executive, and more recently of its fattest of "fat cats". To the British, the US-born Giordano exudes all the things that fascinate: wealth, power, foreignness and a seemingly unconquerable self-confidence. To complete the picture, he is powerfully built, speaks with a gravelly voice and is always impeccably dressed.

People tend to find him a formidable figure: intelligent, strong, articulate and precise (he is a lawyer by training). But they also come away inspired, even charmed by his clarity and an occasional glimpse of humour.

"I felt he was in total control," says a fellow director of one of the many companies where Giordano sits on the board. "He is one of those people who cuts through the nonsense, someone who gets his own way - though in a nice way."

Giordano, who is 61, came to the UK in 1978 when his US employer, Aircor, was acquired by the industrial gas maker BOC, which appointed him as its own chief executive the following year. Over the next decade and a half he built BOC into one of the UK's most admired companies, becoming in the process the first UK executive to earn more than £1m a year, and winning himself an honorary knighthood. He relinquished the chairmanship just last month.

However, the glowing reputation he acquired in his 13 years at BOC has been badly tarnished by only two years at British Gas. Under him, the company has lurched from one crisis to another: the furor over Cedric Brown's pay, the floundering response to growing competition, the fall in service standards and the plummeting share price. It was only this week that he managed to put together a plan of action to break British Gas into two parts and prepare it for the loss of its monopoly in 1998.

Giordano has been spared much of the criticism that has been directed onto the hapless Cedric Brown. But now that his chief executive is retiring, the spotlight has switched firmly to his own performance. How much of the

responsibility for the shambles lies directly at his own door? Was he slow to grasp the severity of the challenges facing British Gas? Should he, rather than Brown, have taken the flak over the salary issue?

Giordano, who worked his way up from humble Italian immigrant origins, is not easily fazed by hostility. This week, presenting his new plans to the press and analysts, he was calm and forthright, and ready to deal with the mounting attacks on his performance.

He admits that he bungled the pay issue. "We didn't grasp where British Gas fitted into the community and the culture. The public perception still does not recognise privatisation. It will keep calling us the Gas Board. In retrospect, we should have left it alone. Our zeal to reform was a mistake."

He regrets the harassment this has caused the Brown family. But he is still convinced that his attempt to reform the pay structure for top managers at British Gas was right in principle: eliminate annual bonuses (which can be manipulated), and give management a good base salary with strong long-term incentives which share-

holders can share in too. Behind Giordano's approach to the pay issue was his profound belief in the importance of pay not merely as financial reward but as a scorecard of individual success, a token of personal recognition.

Colleagues who have dealt with him on this matter have described an obsessive interest in financial status which springs, possibly, from his cultural background and intensely competitive nature. The question of his remuneration is high on the agenda whenever he supplies his services, something the more restrained - or envious - Brits find hard to take.

Giordano likes to point out that his earnings are unexceptional by US standards and that, in the US at least, everyone is able to have a crack at making their fortune. He describes "the magnificent educational system" of the US as "an open door through which I passed". (After graduating from Harvard, he took a law degree at Columbia.) But he tries to keep an eye on the less fortunate. "I'm a believer in capitalism, but it creates casualties. It's important to look after them. If capitalists ignore this, they do so at their peril."

Having earned his fortune,

Giordano claims to be too busy to enjoy it to the full: for him it is time, not money, that is in short supply. Until he sold it, his yacht was one of his main pleasures. Now he spends his money on expensive holidays and providing for his three children and his grandchildren. Divorced, he describes his interests as sailing, tennis, opera and cooking.

One reason why he is short of time is that he joined British Gas as part-time chairman. But the company's rapidly escalating problems obliged him to take a more active role. On occasions last year, it was so bad he was forced to hold his BOC board meetings at the British Gas headquarters at Rivermill House by Vauxhall Bridge. It was a classic case of firefighting: no one could get on with running the company because each crisis, once doused, only set off another.

As an outsider, Giordano was supposed to cut through entrenched attitudes at British Gas, and pump in new vigour. But analysts say that his experience at BOC did not equip him for the very different problems facing British Gas: a privatised monopoly operating in a highly regulated and political environment.

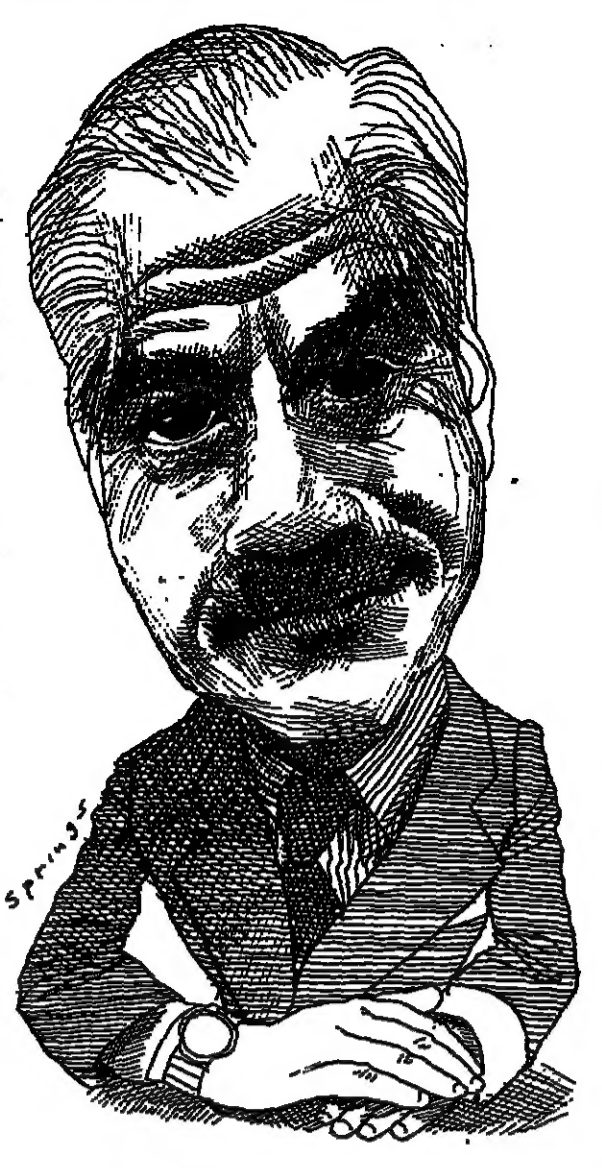
He found himself being

sucked into the state of siege, the defensive mentality - which is why it took so long to get to grips with the problems. Yet within the company, he is still seen as one of "them" rather than "us", which raises the question of how much co-operation he will get.

"The whole idea of working is that it should be fun," he says. "The last two years have been very testing of that." The key to mobilising British Gas - or any company for that matter - lies, he thinks, in giving people the right stimulus. "I believe in people performing, rather like athletes. If managers perform, there will be a lot of beneficiaries: employees, shareholders, customers. There aren't enough talented managers, that's the big problem."

As a manager himself, Giordano lays heavy stress on energy and motivation, both of himself and others. Though a commanding type, he also tries to encourage diversity of opinion because he has learnt that the most dangerous trap for a manager is falling in love with an idea.

There is little danger of that at British Gas: the next two or three years will be a hard slog to restructure a corporate behemoth, something that will require stamina rather than love. When asked whether he would accept the job again today, he gives a positive-sounding answer, and says something about stirring challenges ahead. But, in private he has been known to say the exact opposite: British Gas has a way of exhausting even the mightiest.



Recluse brings out the crowds

The Cézanne exhibition is a coup for the Tate but also for London, says Antony Thorncroft

The hottest ticket in London at the moment is not for *The Phantom of the Opera* at Her Majesty's Theatre, or for *La Bohème* at the Royal Albert Hall: it is for the Cézanne exhibition at the Tate Gallery.

First Direct, the ticketing agency, is taking 5,250 bookings a day and has sold over 30,000 tickets at £7 plus a £1.50 booking fee for a display of paintings and drawings by the 19th century Impressionist artist who was notorious in his day for his reclusiveness.

Cézanne seems certain to set a new attendance record for the Tate. To make viewing comfortable, the gallery is limiting entrance to 750 at any one time. But when the exhibition closes on April 28, total attendance is expected to top comfortably the 313,000 who queued for the Constable exhibition in 1976 and the 296,000 for Picasso in 1984.

The figures may look modest when set against the 650,000 visitors to Cézanne at its previous stop in Paris. But the Grand Palais is a much larger venue and Paris has a tradition, and a passion, for big art shows which has been missing in London.

For the Tate, the Cézanne could not have been better timed. It brings prestige and attention when the gallery is courting companies and individuals for funds for the planned Tate Museum of Modern Art on Bankside.

It must raise £25m by the end of April to match the Millennium Commission's £25m grant for the project, and most of the potential benefactors will visit the show.

The exhibition also provides an immediate cash windfall for the Tate. Mr Nick Serota, director, is coy about figures, but most of the expected £1.8m box office revenue will be profit. The exhibition is sponsored by Ernst & Young, the accountants, which will probably have paid about £500,000 for the honour, enough to cover a substantial slice of the Tate's costs.

Ernst & Young is likely to spend another £500,000 on promoting its sponsorship and entertaining clients and potential clients at more than 40 evening receptions at the gallery. This is not starry-eyed idealism: the firm's first experience of arts sponsorship, the Picasso exhibition, proved an excellent investment in terms of new contracts, it says.

The Tate will also benefit from extensive merchandising, with its shop stocking everything from tea towels to 245 Cézanne scarves. In Paris over 50,000 catalogues (priced at £35) were sold. The Tate expects to shift at least 35,000.

But the success of Cézanne is not just a coup for the Tate. It confirms that London has re-established itself as a major stop on the international exhibition trail.

There was a period during the 1980s when the great



shows gave London's public-funded galleries a miss. Their display spaces were too small; the economics did not add up; British collections were reluctant to lend in return.

"We were not active collaborators," says Mr Serota, who watched in dismay as attractive shows of works by Gauguin, Matisse, Mondrian and Brancusi passed London by. But in the last three years London has hosted Rembrandt and Munch at the National Gallery; Poussin and Pissarro at the Royal Academy; Magritte at the Hayward; and Picasso and Whistler at the Tate.

"This is partly because sponsors have been easier to find, increasingly aware of the appeal of art shows as vehicles for corporate hospitality."

But the willingness of the directors of London's leading galleries to pool resources has also helped. One reason why the Tate is hosting Cézanne is because Mr Neil MacGregor, director of the National Gallery, was prepared to lend one of his great masterpieces, "Les grandes baigneuses", to Paris and Philadelphia if the show also came to London.

"Mr Serota is returning the favour by sending works by Degas to Chicago, ensuring that when the exhibition of Late Degas opens at the National Gallery this year it will carry important paintings from American collections."

The directors of London's main public galleries now see major exhibitions as vital to their mission. "They are important in getting people back into the permanent collection," says Mr MacGregor.

However, big shows are not always successful - the choice of period is critical. The Impressionists always outperform the Old Masters - the 1990 Monet show at the Royal Academy, which attracted 658,000 visitors, still sets the standard of achievement.

But cities and governments, like gallery directors, are increasingly alive to the importance of art, not just as a beacon of cultural prestige but as a tourist attraction.

While Cézanne is drawing people to London, Vermeer is promoting The Hague, Goya Madrid, and Corot Paris. The queues at the Tate are reflected the world around.

Iowa's Republicans are not happy with any of the candidates for Monday's caucuses, says Patti Waldmeir

Discontent and the good life

All things ever better. That might have been America's motto.

Now, all things ever worse comes closer to capturing the national mood. Gloom has become one of the central political facts of the presidential election campaign.

Even in Iowa - where presidential candidates face their first real test in Monday's state-wide caucuses - there is a nagging sense of something wrong with America. Iowans are a can-do people scarcely given to existential gloom. But they too paint sombre word-pictures of the national future.

At best, they will say they are "concerned", at worst "anxious" and "insecure" or "depressed". Robert Samuelson, a journalist on *Business Week*, coined a phrase for it: "The good life and its discontents." Iowa has plenty of both.

Corn, Iowa, has as little excuse for discontent as any place on earth. It is a middle-American success story, a small town unlike so many others.

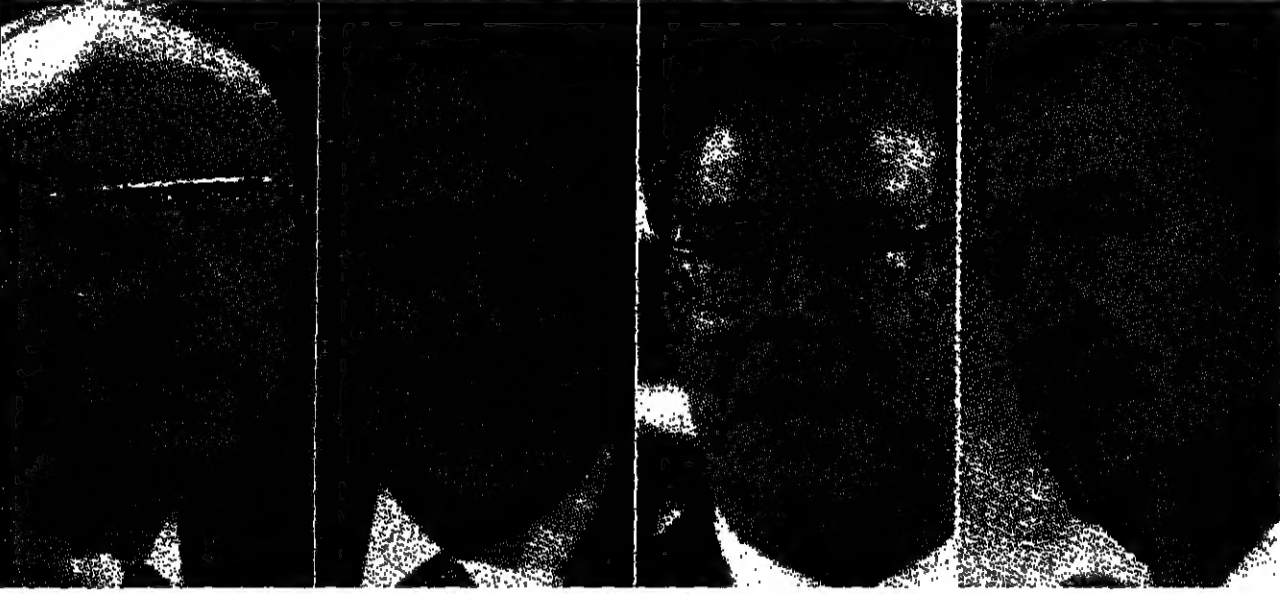
It is charming, though not at all quaint. Along Davis Avenue, the main street, the shops boast turrets and cupolas and carved facades, but triviality is not encouraged.

Each building houses a functioning business. Gettier's drugstore has an old-style soda fountain, but the root beer floats and thick chocolate malts are served up on an orange formica counter with no pretensions to quaintness.

The stools are covered with cracked plastic, and patched with tape. At lunchtime, the counter is full.

At Turner's, the oldest family-owned department store in the midwest, everything is 37 per cent off in celebration of the 37th birthday of Alco, the fifth-generation manager.

Corn has so little crime that I will appear as a criminal



Falling to excite Iowa's voters (from left): Republican presidential hopefuls Phil Gramm, Bob Dole, Steve Forbes and Pat Buchanan

in the next edition of the local newspaper, the Adams County Free Press, because the state patrol caught me speeding. My descent will appear along with the news that "Bills Sneathen visited Sonya Barton on Thursday afternoon", and that "Sam Bixler called on the Jim O'Neill Monday evening", and reports on the pot-luck dinners and coffee mornings, the quilting parties and basketball games, which keep Corn's 1,800 residents busy through the long winter.

Community life in Corn is an advertisement for small-town America: almost everybody belongs to a civic group, social club or church group. Local business executives donate long hours and great energy to the task of economic development: attracting investors for a soybean extrusion plant, which would make oil and plastics from the local

cash crop; building houses; promoting tourism.

Corn's ladies belong to the 125-year-old local branch of the Order of the Eastern Star, a secret women's society; or to the PEO (so secret that no one will reveal what it means); or to the Rosebuds (the hospital auxiliary) or the Jaspertes (a rural club group).

Everybody belongs, and everybody belongs to the corn. Corn's civic pride is both muscular and unusual. Such sentiment has long fallen out of fashion elsewhere.

This is the kind of society urbanites dream of: no drugs; no crime (car doors are not locked, front doors bolted off at night); no AIDS; no race problems (no races other than white). Plenty of parking.

But even here, residents bemoan the state of their nation and their society. Like

their compatriots, they cite moral decline, economic insecurity, family breakdown, the unbalanced budget.

No matter that the examples of "moral decline" seem trivial to outsiders: unsporting behaviour on the high school basketball court; a rise in the numbers of single parents; the fact that Corn's schools now provide breakfasts because working parents neglect their children's early meal.

Corn's residents are as convinced as anyone that their country is in trouble - and that none of the 10 candidates competing in Monday's caucuses can lead America out of it.

Around the quilting frame in the basement of the church hall of Brooks United Methodist, where the United Methodist Women are quilting for the homeless, the ladies are sick of politics and sickened by politicians' methods. Since Christ-

mas, the nine Republican candidates have dominated the airwaves with knocking advertisements which the Methodist ladies find both distasteful and uninformative. They try to flee the mud-slinging, but there is no escape: all eight channels repeat the same adverts incessantly. Nonetheless, the ladies all say they will vote in the November presidential election. For voting is like volunteering, an unavoidable civic duty.

But most will not attend Monday's caucuses. They acknowledge with pride the importance of these first-in-the-nation caucuses, where registered party members will do much to choose the November candidates (President Bill Clinton is unopposed as Democratic candidate, but only the top three Republicans candidates chosen by Iowa are likely to continue their

campaigns beyond February).

But they like none of the candidates enough to attend. President Clinton has been a disappointment to many. Senator Bob Dole, the Republican frontrunner, fails to excite. Mr Steve Forbes, multimillionaire publisher, is not trusted. Mr Pat Buchanan, the winner in this week's Louisiana caucus, is viewed as too radical. Senator Phil Gramm is still whingeing about his Louisiana defeat. All pins for a new entrant: General Colin Powell, the Gulf war head of the Joint Chiefs of Staff, is constantly mentioned.

By the quilting frame, where the polyester squares of turquoise and red tartan are beginning to take recognisable shape, there is more to worry about than who will be president. The ladies mourn the loss of that quintessentially American optimism, the dream of perpetual progress, the certainty that all things would be

ever better. That used to be seen as a law of socio-economics, just as gravity was a law of nature. Every child better off than his or her parents, every step forward.

Now the law no longer holds. Young couples battle to own their own homes; both spouses must work; everyone worries about healthcare.

"It isn't my own life. It's your grandkids you worry about. I see it getting worse, not better," says Ms Kay Peckham, one of the younger of the Methodist ladies.

"We always considered ourselves middle-class until the last few years. That's not true any more. It isn't that you aren't able to do things or have things. But you really have to watch what you spend."

The good life and its discontents. Who will win their vote in Iowa?

The pillars of state fall on each other

Criticism of Sir Richard Scott reflects conflicts between UK ministers, judges and bureaucrats, says John Kampfner

Sir Richard Scott's report on alleged government complicity in the illegal export of British arms to Iraq will do more than apportion blame among present and former ministers when it is published on Thursday. It will shed light on the workings of a government that has made extraordinarily slow progress towards openness, and will throw into sharp relief the worsening conflict between the institutions of the state.

Pitted against each other are a government that, after nearly 17 years of office, resists challenges to its untrammelled authority; a parliament that feels its reputation is under attack; a Civil Service with values of political independence that are being challenged by radical change; and a judiciary that is seen by many civil libertarians as the best available check on the executive.

Sir Richard is an unlikely target for Conservative backbenchers. An Appeal Court judge, head of the High Court's chancery division, he was charged only last month by Lord Mackay, the lord chancellor, with the task of overseeing the reform of the civil justice system. In 1994 it was Sir Richard who upheld an injunction preventing mass picketing by striking miners. There were few complaints when Lord Mackay asked him in 1992 to inquire into weapons sales to Iraq after Mr John Major announced an inquiry following the collapse of the trial of directors of the Matrix Chem-

ical company in November 1992.

That relations soured in the intervening years was due only in part to the inquiry's tough questioning of ministers during the public hearings. More significant was the government's growing belief that the judiciary was intervening widely in matters that should be the province of the politicians.

The increasing willingness of judges to consider overturning ministers through judicial review fed this belief. For example, it was the courts that ruled that Mr Hurd misused money to fund the Pergau dam. Mr Michael Howard, Home secretary, has faced several reviews, including the successful challenge over changes to the criminal injuries compensation scheme.

Many Tories believe the judiciary has overstepped the mark. Sir Ivan Lawrence, chairman of the Commons home affairs committee and one of several senior lawyers among Tory MPs, says: "Judges must remember that it is parliament that makes laws because parliament is democratically elected. They're not. Political interference diminishes the judiciary."

Yet Sir Ivan accepts that the quality of legislation passed in recent years has often not been up to scratch, leading itself to disputes over interpreta-

tion of the law. Such an acknowledgment leads to a deeper questioning about the workings of the legislature.

Mr Tony Wright, one of Labour's most prominent proponents of constitutional change, says judges are merely taking on responsibilities abdicated by others.

He points to an apparent discrepancy between the growing powers of ministers and the transfer of responsi-

bility to government agencies and quangos. "We're living in a fiction. We pretend that civil servants are accountable to ministers, that ministers are accountable to parliament. That may have been the case in the past, but isn't now."

Lord Williams of Mostyn, Labour's spokesman on legal affairs in the upper house and a former chairman of the Bar, says judges have not over-reached themselves. "It's still in the hands of MPs to sort out the division of powers. Select committees should

be scrutinising ministers more closely. The trouble is the Commons has become supine."

To Ms Elizabeth Symons, head of the First Division Association, the trade union which represents senior civil servants, both the government and the opposition should use Scott as an opportunity to reassess the relationship between ministers and officials. "Civil servants still need to know what to do when they suspect their minister is not behaving properly," she says. "There should have long ago been a royal commission, including all interested parties, on sorting out the mess." The very importance of civil servants to reveal apparent "untruths" by ministers lies at the heart of the Scott inquiry.

With a general election due within little over a year, Conservative strategists are likely to consider future confrontations with the judiciary an attractive option. Politicians reassure themselves that their low public standing is at least matched by that of judges; judges tend to get a mention in tabloid newspapers only after passing controversial sentence or comment.

The attacks on the integrity of Sir Richard by former ministers in recent weeks come after a series of attacks on the judiciary, in speeches by Mr

Brian Mawhinney and other ministers at last year's Conservative conference. The party chairman called on voters to voice their dissatisfaction about judges more loudly. The implied attack left Lord Mackay uneasy. His friends say he is unhappy about the battle, but several of his fellow peers say he should have defended Sir Richard more openly.

Further fuel has been added to anti-judge feeling by the Nolan committee on standards in public life, even though it was Mr Major who set up the committee after a succession of classic allegations against MPs. Lord Nolan's recommendations on restricting MPs' earnings from outside interests have irritated many Conservatives, who see it as an interference in their sovereign rights to order their own affairs.

However, the spat with the judiciary puts the Conservative party into the uncomfortable position of challenging one of the great institutions of British society - and individuals who still see themselves as at the heart of the establishment.

According to Mr Anthony Scrivener QC, who represented the miners a decade ago, the judge who found against him that day has not changed his core values or his interpretation of the role of the judiciary. "The establishment still exists. So does the Conservative party," Mr Scrivener said. "In the old days they were bound together. Somehow they've become disengaged."

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CURRENCIES AND MONEY

MARKETS REPORT

Dollar steady

By Philip Gawth

The dollar yesterday put on a steady showing in the currency markets despite concern that the fall in German interest rates might be less than previously expected.

Comments from Mr Omar Issing, the influential Bundesbank director, that the January M3 money supply figure might be distorted were taken by the market as preparation for a poor figure which could delay monetary easing.

The dollar rallied off intra-day lows after the Issing comments to close in London at DM1.4774, from DM1.4762. Against the yen it closed at ¥106.965, from ¥106.845.

The French franc was an early focus of attention following rumours, later denied, that Mr Jean Arthuis, the finance minister, would be resigning. The franc fell below FF4.450 at one stage, but then recovered its poise to finish little

changed at FF4.435 against the D-Mark.

Elsewhere in Europe, the lira fell towards the bottom of its recent range amid optimism that a new government would be formed over the weekend. The lira finished at L1,061 against the D-Mark, from L1,067.

In general, it was a quiet day with most currencies stuck in narrow ranges. There was little news to shift prices.

Pound in New York

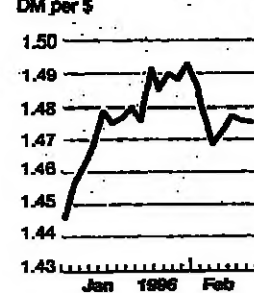
Feb 9 — Last — Prev. close —
1 mth 1.5310 1.5375
3 mth 1.5276 1.5312
1 yr 1.5155 1.5227

and a disinclination to take positions ahead of a Japanese long weekend.

Sterling lost ground against both the D-Mark and the dollar, finishing at DM2.2633, from DM2.2688, and at \$1.532 from \$1.537. Selling was linked to fears over the expected politi-

Dollar

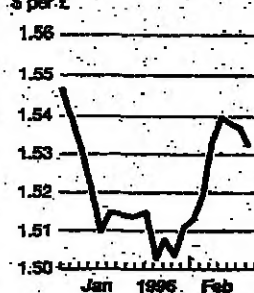
DM per \$



Source: FT Edit

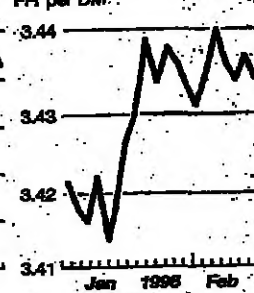
Sterling

\$ per £



D-Mark

FF per DM



cal fall-out next week when the controversial Scott report into the "Arms for Iraq" affair is released.

The Finnish markka attracted attention, with the central bank intervening to stop a sharp fall. The markka was a FM2.1310/40 against the D-Mark from FM3.1140 on Thursday. Concern about the economy underlies the current weakness.

Mr Markus Lusser, president of the Swiss National Bank, said the "excess value" of the Swiss franc appeared to be

being corrected.

The rumours about Mr Arthuis set the tone for trading in Europe. In the absence of independent reasons for dollar strength, the weakness of the French franc, which buoyed the D-Mark, was enough to push the dollar lower. Mr Issing's comments then added further impetus to this trend, although analysts were sceptical about whether they warranted much attention.

The rally in the dollar later in the session was also the

result of a rumour — this time, that the US Federal Reserve was supporting the US bond market. This prompted a rally in bonds and the dollar.

Mr Malcolm Barr, economist at Chemical Bank in London, said the rumour-driven trading conditions showed that the day had been "dominated by inter-bank activity, without volume, rather than any big-picture developments."

Mr Adrian Cunningham, senior international economist at UBS in London, said the dollar was being hurt by the belief

that German rate cuts were likely to be delayed. "The fear is that the Bundesbank does not want to see interest rates reduced until it sees at least one set of M3 figures."

He said this could well undermine currencies like the lira and Swedish krona, which have rallied on the expectation that their interest rates will move lower towards those of Germany. If German rates stay firm, however, they will not be able to cut rates, and the "convergence scenario" will unravel.

POUND SPOT FORWARD AGAINST THE POUND

Feb 9	Closing mid-point	Change on day	Bid/offer spread	Day's high/low	One month	Three months	One year	Bank of England
Europe	15.9188	-0.0022	0.77	15.9798	15.8888	15.8668	2.3	15.8043
Austria (Sch)	15.9188	-0.0022	0.77	15.9798	15.8888	15.8668	2.3	15.8043
Belgium (Bfr)	46.5254	-0.1364	994	46.7160	46.4860	46.4154	2.8	46.1904
Denmark (Dkr)	6.7932	-0.0027	630	6.8008	6.7968	6.7955	1.7	6.772
Finland (Fmk)	7.0770	-0.0145	686	7.1200	7.0300	7.0728	0.7	7.0545
France (Ffr)	7.7447	-0.0245	706	7.8106	7.7678	7.7824	1.6	7.7547
Germany (DM)	2.2633	-0.0055	622	2.2743	2.2554	2.2582	2.7	2.2474
Greece (Dr)	373.765	-1.236	297	374.233	373.297	373.297	1.2	373.297
Ireland (Ir£)	0.7922	-0.0008	713	0.7944	0.7936	0.7912	0.8	0.7941
Italy (Lit)	2400.95	-18.98	117	2421.33	2386.90	2407.85	-3.4	2421.33
Luxembourg (Lfr)	46.5254	-0.1364	994	46.7160	46.4860	46.4154	2.8	46.1904
Netherlands (Gld)	2.3352	-0.0057	327	2.3452	2.3304	2.3278	2.9	2.3143
Norway (Nkr)	8.8827	-0.0169	747	8.9245	8.8564	8.876	0.8	8.8619
Portugal (Esc)	205.292	-0.389	101	205.681	204.902	205.292	-2.2	205.292
Spain (Ptas)	160.428	-0.583	347	161.018	160.847	160.874	-0.8	161.018
Sweden (Skr)	10.6489	-0.0221	405	10.7008	10.6405	10.6517	-0.2	10.6517
Switzerland (Sfr)	1.5826	-0.0015	494	1.5899	1.5840	1.5838	4.3	1.5707
UK	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
SDR	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
Asia/Pacific	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
Argentina (Peso)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
Brazil (R)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
Canada (Cdn)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
Mexico (New Pes)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
USA (US\$)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
Asia/Pacific	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
Australia (A\$)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
Hong Kong (H\$)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
India (Rs)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
Israel (N\$)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
Japan (Yen)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
Malaysia (M\$)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
New Zealand (NZ\$)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
Philippines (P\$)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
Saudi Arabia (Riyal)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
Singapore (S\$)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
South Africa (R)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
South Korea (Won)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
Taiwan (NT\$)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
Thailand (Baht)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298

1 Rates for Feb 9 Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling interest calculated by the Bank of England. Base average 1990 = 100, index rounded 1995, bid, offer and mid-point in both this and the Dollar Spot table derived from the WIRETRANS CLOSING SPOT RATES. Some values are rounded by the FT.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Feb 9	Closing mid-point	Change on day	Bid/offer spread	Day's high/low	One month	Three months	One year	J.P. Morgan
Europe	10.3899	-0.0006	860	10.3900	10.3899	10.3739	1.8	10.3399
Austria (Sch)	10.3899	-0.0006	860	10.3900	10.3899	10.3739	1.8	10.3399
Belgium (Bfr)	30.3700	-0.0100	800	30.3800	30.3500	30.3200	2.0	30.2578
Denmark (Dkr)	5.7170	-0.0001	155	5.7254	5.6970	5.7128	0.9	5.7045
Finland (Fmk)	4.6196	-0.0245	155	4.6445	4.5961	4.6151	1.2	4.6066
France (Ffr)	5.0748	-0.0006	735	5.0800	5.0615	5.0706	1.0	5.0633
Germany (DM)	1.4774	-0.0012	770	1.4833	1.4710	1.4751	1.3	1.4701
Greece (Dr)	243.980	-0.01	730	244.230	243.000	243.500	-7.5	243.000
Ireland (Ir£)	0.7922	-0.0037	749	0.7944	0.7936	0.7912	-0.3	0.7941
Italy (Lit)	1597.25	-18.98	117	1617.00	1573.00	1591.50	-17.2	1617.00
Luxembourg (Lfr)	30.3700	-0.0100	800	30.3800	30.3500	30.3200	2.0	30.2578
Netherlands (Gld)	2.3352	-0.0057	327	2.3452	2.3304	2.3278	2.9	2.3143
Norway (Nkr)	8.8827	-0.0169	747	8.9245	8.8564	8.876	0.8	8.8619
Portugal (Esc)	205.292	-0.389	101	205.681	204.902	205.292	-2.2	205.292
Spain (Ptas)	160.428	-0.583	347	161.018	160.847	160.874	-0.8	161.018
Sweden (Skr)	10.6489	-0.0221	405	10.7008	10.6405	10.6517	-0.2	10.6517
Switzerland (Sfr)	1.5826	-0.0015	494	1.5899	1.5840	1.5838	4.3	1.5707
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India (Rs)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
Israel (N\$)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
Japan (Yen)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
Malaysia (M\$)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298
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Thailand (Baht)	1.5310	-0.0038	306	1.5377	1.5302	1.53	1.4	1.5298

1 Rates for Feb 9 Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & EU are quoted in US dollars. J.P. Morgan nominal interest rates Feb 9. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

CROSS RATES													
Feb 9	Bfr	Dkr	Ffr	DM	£	L	¥	Nkr	S\$	Ptas	Sfr	US\$	Yen
Belgium (Bfr)	10.3899	16.71	4.854	2.088	5180	5.446	21.24	505.5	409.2	22.89	3.978	2.148	4.515
Denmark (Dkr)	16.71	10.3899	2.284	1.110	2741	2.889	11.28	286.6	40.2	12.18	1.113	1.42	2.400
France (Ffr)	4.854	2.284	10.3899	0.518	13.28	3.089	12.71	322.5	244.9	13.70	2.281	1.28	2.704
Germany (DM)	2.088	1.110	0.518	10.3899	1.120	4.367	10.8	64.14	4.708	0.819	0.442	0.588	0.677
Ireland (Ir£)	47.87	9.070	7.998	2.311	1	2470	2.607	1.2420	195.9	10.86	1.904	1.029	2.183
Italy (Lit)	1.958	0.385	0.234	0.094	0.040	100	0.106	0.412	7.996	7.300	0.444	0.077	0.088
Netherlands (Gld)	16.35	3.452	3.082	0.583	0.284	847.5	3.600	82.82	75.14	4.203	0.730	0.355	0.530
Norway (Nkr)	47.87	9.070	7.998	2.311	1	2470	2.607	1.2420	195.9	10.86	1.904	1.029	2.183
Portugal (Esc)	19.78	3.724	3.305	0.982	0.413	1021	1.077	4.202	100	80.95	4.398	0.767	0.825
Spain (Ptas)	24.44	4.800	4.083	1.189	0.511	1281	1.311	1.281	100	5.593	0.722	0.825	1.184
Sweden (Skr)	43.88	8.223	7.500	2.125	0.913	2254	2.378	80.95	178.8	10	1.758	1.19	1.758
Switzerland (Sfr)	28.36	5.414	4.751	1.329	0.629	1291	1.331	137.1	100	8.654	1.363	1.06	1.363
UK (L)	47.87	9.070	7.998	2.311	1	2470	2.607	1.2420	195.9	10.86	1.904	1.029	2.183
USA (US\$)	32.37	4.167	3.688	1.077	0.482	1128	1.098	4.702	119.5	80.58	5.087	0.881	1.208
Canada (Cdn\$)	20.32	3.177	3.074	0.777	0.364	1267	1.094	4.651	103.3	72.43	4.692	0.808	1.086
Japan (Yen)	5.247	0.414	0.261	0.103	0.043	1408	0.148	0.582	11.93	11.93	0.618	0.107	0.618
South Korea (W\$)	37.80	7.715	6.215	1.838	0.790	1930	2.056	82.08	181.1	154.7	6.652	1.04	6.652

US Dollar, French Franc, Norwegian Kroner, and Swedish Kronor to £; Belgian Franc, Yen, Escudo, Lira and Pesetas per 100.

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Murray Japan
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Credit Commercial de France	100.00	0.00	Mikko Asia Convertible Bond Fund	100.00	0.00	CMI Insurance Co Ltd	100.00	0.00	Royal Life International	100.00	0.00	Capital International	100.00	0.00	Global Asset Management - Contd.	100.00	0.00	Magellan Emerging Mkts Mgmt (Jersey) Ltd	100.00	0.00	Repertoire Funds	100.00	0.00

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Move to protect local traders angers Washington

Canada blocks US book chain on cultural grounds

By Bernard Simon in Toronto

The Canadian government has blocked investment plans by Borders, a big US book retailer, on the controversial grounds of protecting Canada's "cultural industries".

The decision, justified by Ottawa under an exemption to the North American Free Trade Agreement, is expected to provoke a strong response from Washington.

The US has complained in recent months about the growing number of trade disputes involving Canadian cultural protection. Canadian booksellers and some publishers vigorously opposed Borders' plan to open a chain of superstores in Canada.

They said Canadian retailers would be unable to compete against Borders' low prices, and that the US chain's centralised

book-ordering system would favour US publishers.

The only other investment blocked by Ottawa in recent years was a 1992 proposal by a European regional aircraft consortium to acquire de Havilland, the Toronto-based commuter aircraft maker.

Under Nafta, the vast majority of US investors no longer require approval for acquisitions and new businesses in Canada.

The agreement excludes cultural sectors, such as broadcasting, publishing and book distribution. However, even in these industries, the US is allowed to retaliate if it can prove injury to the US investor.

Borders operates more than 1,100 Waldenbooks outlets in the US, as well as about 100 superstores.

The company tried to meet Canadian objections by setting

up a joint venture with local investors. A majority of directors on the local board, including the chairman, would have been Canadians.

However, a government official said yesterday the Investment Canada Act allowed the authorities to apply a "control in fact" test of the foreign shareholders' influence rather than control based simply on voting rights. "It's conceivable that indirect factors could swing control away from the Canadian partners," he said.

Canada has generally offered a warm welcome to foreign investors since the Foreign Investment Review Agency was scrapped in the mid-1980s.

Many other US retailers, including Wal-Mart, the huge Arkansas-based chain, have expanded across the border to the dismay of local companies.

Japan's five-year economic downturn 'at an end'

By William Dawkins in Tokyo

Japan's five years of economic stagnation have ended, the country's official economic forecaster announced yesterday, despite widespread scepticism about the pace of recovery.

The government's Economic Planning Agency said in its monthly report that "the economy is beginning to show moves of recovery again, albeit a moderate one".

It is the first time in six months the agency has used the word recovery in its assessment, which economists view as a sign of the government's economic confidence and as a guide to the likely course of monetary policy.

The agency cited as encouraging signs of a rise in corporate capital spending and housing starts; a three-month run of increased industrial production to December; and the beginning of the end of the decline in exports seen in October.

But the agency said household spending and retail sales continued to decline and unemployment was stagnating at a record high of 3.4 per cent.

Mr Ryutaro Hashimoto, prime minister, said: "The economy has stepped out of a standstill, but we cannot express relief yet."

Mr Masaru Takagi, chief economist at Fuji Research Institute, added that the strength of recovery was "a matter for concern".

However, Mr Brian Pearce, chief economist at SBC Warburg Securities in Tokyo, said the moderately upbeat tone of the report might indicate the government was prepared to tolerate a rise in long-term interest rates.

One reason for the general scepticism is that the EPA has, on two previous occasions, falsely identified an end to what has become the worst downturn since the 1930s.

The agency claimed the economy had hit bottom in June 1993 and pointed to signs of moderate recovery in September the following year. Last July it moderated that statement to say the recovery was at a standstill, then last September changed that to a "prolonged standstill".

To add to the uncertainty, the agency uses no fixed definition of recovery. On one criterion widely used by US economists - two consecutive quarterly rises in gross domestic product - Japan is not quite out of recession.

GDP grew, year on year, in the first two quarters of the last calendar year but fell back in the third. The government's preliminary estimate of growth in the fourth quarter will not be available until mid-March.

On a popular definition of recovery - a decline in unemployment - Japan is still in recession. Tokyo economists estimate that well over 2 per cent annual growth is needed to reduce the jobless total.

THE LEX COLUMN

Kirk's lost enterprise

Chrysler's peace pact with rebel investor Mr Kirk Kerkorian means the carmaker's other shareholders have lost an effective gadfly.

Peace will bring some benefits. After a year of time-consuming disputes, Chrysler's management will be free to concentrate on the business. The agreement also ends Mr Kerkorian's campaign to place his allies on the board through a proxy fight. This might have allowed him to sneak control without paying a premium. And Mr Kerkorian has persuaded Chrysler to double its share buy-back programme to \$2bn this year with another \$1bn to follow in 1997.

But the billionaire investor has lost the key argument over the size of the car group's cash pile. Chrysler has not retreated from the belief that it needs a \$7.5bn cash reserve to weather the next recession. Mr Kerkorian had argued that a figure closer to \$4.5bn would be sufficient. Since the group ended 1995 with \$6.5bn in the bank and expects a good 1996, it should soon pass its own target - especially since the extra share buy-back will be funded through non-core disposals. The management has always said it would disburse any cash above the \$7.5bn level, but it is not clear whether Mr Kerkorian can ensure that promise is kept under this pact.

Since Mr Kerkorian announced his abortive bid for the company last April, Chrysler shares have risen 45 per cent, strongly outperforming Ford and General Motors. Shareholders may come to regret Mr Kerkorian's silence.

Demergers

In quick succession, Hanson and British Gas have announced plans to break themselves up. Judging by the share prices, investors are unimpressed. This is something of a blow to those who think demergers are a miraculous way of creating shareholder value. Has a technique that has done so much to enrich the shareholders of Thorn EMI, Racal/Vodafone and ICI/Zeneca suddenly lost its magic?

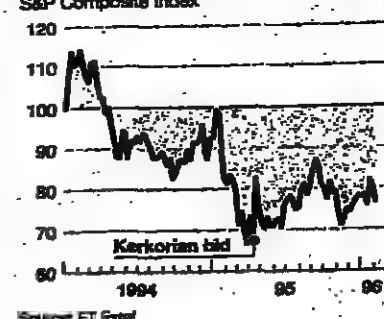
The answer is no. Demerging Thorn, Racal and ICI creates value because of the hidden jewels contained within each. Neither Hanson nor British Gas fit this model. Both are notably short of jewels, hidden or not. British Gas does, though, have something else hidden - a black hole in the shape of its commitment to buy \$40bn worth of gas at uneconomically high prices. By shoving these contracts into a rela-

FT-SE Eurotrack 200:

1650.5 (-4.5)

Chrysler

Share price relative to the S&P Composite Index



Source: FT Econ

tively poorly capitalised subsidiary, British Gas limits its downside risk, and so enhances shareholder value, though the market has yet to twig. Unfortunately for Hanson, it has nothing hidden, neither jewels nor black holes. Since its constituents are solid but boring, there is no financial logic to the demerger. Indeed, it looks financially illogical because it will probably lead to higher taxes.

Of course, financial logic is only one factor to be considered in demergers. Industrial logic is equally important and, on that count, Hanson's demerger still stacks up. Its different businesses have nothing in common. Once demerged it will be easier for other groups, with which they would make a better fit, to snap them up.

Tarmac/Wimpey

Tarmac and Wimpey have shown that a demerger is not the only way to enhance shareholder value. Since the two builders agreed to swap assets three months ago, Tarmac has outperformed the market by 37 per cent, Wimpey by 15 per cent.

Investors are right to reward the deal: focusing on core operations is particularly vital for companies which lack the capital to invest adequately in a range of businesses. But both have taken on some new risks. Tarmac's are essentially short-term: it needs to find around £20m in cost savings in 1996 to prevent earnings dilution. This is because it exchanged its profitable housebuilding operation for Wimpey's lower margin aggregates and contracting businesses. The management's assurance that this can be achieved, it sound convincing, given the scope for

cutting jobs in contracting and head office rationalisation. There is also some room for profits growth in aggregates following the removal of an aggressive competitor. This helps mitigate the other risky element for Tarmac: increasing its exposure to road-building, when the UK roads programme has been cut.

Wimpey, on the other hand, gains earnings as a result of the swap, but its net debt position worsens. Interest cover after the deal looks just about manageable at three times. But the constant pressure to replenish its large land bank means Wimpey will have to keep an eagle eye on cash flow. Still, given even a modest improvement in housing and construction markets from an extremely low base, both stocks should continue to do well.

Manchester United

This week's 16 per cent jump in Manchester United's shares shows the UK's Office of Fair Trading is proving a more effective stricker than Eric Cantona. The possibility that the Premier League's television deal with BSkyB could be judged a cartel opens up a range of options for United - all good. Currently, the £40m to £50m of annual revenue from the BSkyB contract are divided more or less equally among the 20 participating clubs. Successful clubs like United are subsidising their weaker brethren.

If free to cut an individual deal, United would be able to secure better terms. BSkyB, BT and the BBC should all be competing to sign up the top five or six clubs; once they were in the bag, the remnants could be swapped up relatively cheaply. But United's brand is so strong that it might even be able to bypass the big broadcasters and launch its own dedicated television channel. The prospect that United would be included in an expanded European champions league, which looks even more likely this week, would fit neatly with such a plan. It might, for example, charge £25 per viewer for big matches against the likes of AC Milan. If even ten people watched, the money would quickly roll in.

United still supports the Premier League's line that it is not a cartel. But its shareholders will be hoping that, in return for such backing, United gets its pound of flesh - namely a bigger slice of the Premier League's next TV deal. Otherwise, it will be better off going it alone.

Santer says delay will threaten Emu

Continued from Page 1

the EU would then come under questioning.

The Maastricht treaty says monetary union must proceed on January 1 1999, for those countries which meet targets on inflation, interest rates, exchange rate stability, as well as budget deficits and government debt, the two most difficult.

Mr Santer is said to be so determined not to miss the 1999 deadline that he would favour going ahead with Emu even if France and Germany failed to meet the target for public deficits, 3 per cent of GDP.

The deficits issue has become more sensitive after the slowdown in Europe which saw Germany register a 3.8 per cent public deficit in 1995. France's deficit was just over 5 per cent. Luxembourg and Ireland are the only countries judged to have met the Maastricht criteria.

The decision on which member states qualify for Emu will not be made by heads of government until early 1996, but the debate on the merits of monetary union is already in full swing. Last December, EU leaders christened the single currency the euro and agreed a 3½-year transition to monetary union between 1999 and 2002.

These two decisions have helped to focus public attention on the single currency but also to polarise debate. Mr Santer was initially caught off-guard, but has started to react more vigorously to Emu opponents.

His latest initiative is a "Pact of Confidence" between employers, trade unions and governments to tackle unemployment while continuing with budgetary restraint.

US civil liberties groups fight law on Internet censorship

By Louise Kehoe in San Francisco and Jurek Martin in Washington

Under the banner "Keep cyberspace free", civil liberties groups are mounting a worldwide protest campaign on the Internet opposing implementation of anti-pornography measures contained in the US Telecommunications Act signed by President Bill Clinton this week.

Thousands of organisations, individuals and companies have turned the pages of their Internet sites black - a black background with white text - to protest the new law which bans the dissemination of "indecent" material on computer networks.

As the cyberprotest got underway, the American Civil Liberties Union filed two freedom of speech lawsuits in Philadelphia on Thursday against the provisions in the new law, and other groups sought an injunction against the clauses stipulating heavy fines on those who transmit pornography and indecent sexual material on the Internet.

In Brooklyn, New York, abortion rights organisations sought a similar sanction against another provision which appears to make it illegal to disseminate information about abortion on computer networks.

The Philadelphia judge gave the justice department a week to issue an opinion on the validity of the pornography proscription. The department was swifter in its reaction to the second case - a spokesman saying the abortion clause appeared clearly unconstitutional and would never be

enforced.

Voters Telecommunications Watch, a volunteer group that is organising the "Paint it Black" campaign, charges that the new law will kill freedom of speech on the global computer network. The US government will end up monitoring millions of Internet pages, messages and electronic mail from all over the world if it implements the law, the group said.

A related "Blue Ribbon Campaign" by the Electronic Frontier Foundation, a public policy group, is urging Internet users to display the ribbon symbol to show support for freedom of speech.

"We insist that any material that's legal in bookstores, newspapers or public libraries must be legal online (on computer networks)," the group said.

To illustrate its argument, EFF has compiled a sample of Internet sites that could fall victim to the anti-pornography measures. The list ranges from Renaissance art to discussion of safe sex. Even the Library of Congress catalogue could be closed because it has references to sexually explicit books, the group said.

Meanwhile, Mr Clinton has announced that administration officials and TV networks will meet on February 29 to discuss implementation of another controversial provision of the Act - requiring TV manufacturers to incorporate a computer "V-chip" in new sets to detect sexual and violent programmes.

Prosperity without profits, Page 8

FT WEATHER GUIDE

Europe today

A vigorous low pressure area over Scotland will influence western Europe, bringing gale force westerly winds and wintry showers to the west coasts of Ireland and England and to the North Sea. Scotland and northern England will have snow showers. Southern England, Ireland and north-western France will have rain, hail and isolated thunder showers. A frontal zone associated with this depression will move east over the continent bringing milder air with rain and snow showers to the Benelux, western Germany and the western Alps. Eastern Germany, Poland and the Balkan states will be wintry. The Mediterranean will continue to be unsettled with showers along the east coast of Spain.

Five-day forecast

The high pressure which has been responsible for the wintry conditions in large parts of Europe will spread into Russia. An active depression over the North Sea will move into western Europe, bringing mild south-westerly winds and rain on Monday. On Tuesday, the depression will move south-east to the Balkan area bringing rain and snow to most of central Europe. The North Sea area will become colder as winds turn to the north.

TODAY'S TEMPERATURES

Location	Temp	Location	Temp	Location	Temp
Abu Dhabi	28	Beijing	6	London	11
Algiers	17	Bombay	32	Madrid	12
Amsterdam	7	Buenos Aires	20	Moscow	-13
Atlanta	8	Cairo	27	New York	20
B. Aires	27	Chengdu	17	Osaka	11
Bombay	32	Dubai	28	Perth	17
Buenos Aires	20	Hong Kong	21	Prague	17
Cairo	27	Kobe	10	Seoul	1
Chengdu	17	London	11	Singapore	30
Dubai	28	Los Angeles	20	Taipei	18
Hong Kong	21	Manila	27	Tokyo	11
Kobe	10	Medan	27	Winnipeg	-5
London	11	Montreal	-2	Zurich	5
Los Angeles	20	Muscat	28		
Manila	27	Nairobi	22		
Medan	27	San Francisco	15		
Montreal	-2	Singapore	30		
Muscat	28	Taipei	18		
Nairobi	22	Tokyo	11		
San Francisco	15	Winnipeg	-5		
Singapore	30	Zurich	5		
Taipei	18				
Tokyo	11				
Winnipeg	-5				
Zurich	5				

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Weekend FT

Till death do us part - or divorce

Andrew Adonis examines why marital breakdown in England is again on the political agenda



Ah, nowadays people marry as often as they can, don't they? It is most fashionable.

So declares Lady Markby in Oscar Wilde's *An Ideal Husband*, now undergoing a successful revival in London's West End. A century later, the state of marriage could hardly be a more emotive issue in England were Wilde himself championing divorce.

Controversy has come to a head with the government's decision to proceed with divorce reforms abolishing the notion of fault in marriage breakdown.

It is far from a re-run of the 1980s debates between social liberals and conservatives. The alignments are new. Conservatives mostly accept that divorce is here to stay, while liberals are alarmed at escalating rates of divorce, single parenthood and the social misery in their train.

Nothing symbolises the angst better than the unlikely character of today's reformer - Lord Mackay, the Lord Chancellor. A devout Scots Presbyterian who claims "I would prefer that spouses remained united until God separates them by death", he has been condemned by a senior Tory peer as "undermining the legal basis of marriage".

He may take some comfort from standing in a long line of spiritually minded reformers dating back to Archbishop Cranmer under Henry VIII in the 16th century. The historical analogies do not end there.

Cranmer wanted a regular system of divorce on grounds of adultery, long desertion, lasting cruelty or "mortal enmity", albeit with stiff penalties, including transportation and loss of fortune, for the guilty parties.

But Henry VIII, able to resolve his own marital problems more expeditiously, did not proceed. Nor did his successors, one of whom had

Cranmer burnt at the stake. Then, as now, governments were reluctant to alienate conservative opinion. Yet because ministers would not act, and marital breakdown was a fact of life, individuals and the legal profession took matters into their own hands.

For the super rich this meant recourse to the ecclesiastical courts and special acts of parliament to annul marriages, a ritual condemned by Lord Chancellor Thurlow in 1778 as "approaching the ludicrous if not the downright ridiculous" (today's reformers condemn the status quo in similar terms). For the middling and poor, whose fortunes and estates were less material, it often meant regulating relationships outside the law.

Not until 1854 did a government begin to reform divorce law to bring it closer to contemporary social attitudes. The resulting 1857 Divorce Act was the last significant reform to be enacted by a government.

Legal changes since then - including the 1969 act introducing "no fault" divorce - have been at the behest of backbench MPs. Three forces have been behind them: strong popular support for making divorce easier; nod-and-wink encouragement from ministers; and a stance of constructive neutrality from the Church of England.

The Anglican establishment's attitude to divorce, critical to the process of liberalisation in England, stands in stark contrast to that of the papacy. Ireland, the last European country to legalise divorce, did so only last year, after a long and bitter battle between reformers and the Catholic hierarchy.

By contrast, as early as 1996

the Church of England, in its report *Putting Asunder*, advocated a doctrine of marital breakdown as preferable to that of matrimonial offence. This was a catalyst for the move towards "no fault" divorce, although to blunt the impact the Church said it still wanted the courts to carry out an inquest into the "death of the marriage relationship".

The result was the uneasy compromise of the 1989 act. No fault divorce was permitted, but only after separation of between two and five years. For a "quickie" divorce, available in as little as six months, fault still had to be shown. To avoid the delay most divorces are still on grounds of fault, mainly adultery or unreasonable behaviour.

It is a typically English tale of legal adaptation to social change. By this roundabout route Britain has become the divorce capital of Europe - registering 185,018 divorces in England and Wales in 1993, with the divorce rate now half the marriage rate.

So why is a Tory government proposing further divorce reforms which will make it easier still to dissolve marriages? Therein lies another fascinating tale, with three casts of characters. In descending order of size, they are the population at large, the legal profession and the Treasury.

It is vital first to understand that marriage is not on the way out. Alarmist headlines about rocketing numbers of single mothers, divorces, and children born out of wedlock - particularly to 1960s-generation iconoclasts - give a misleading impression.

Marriage remains the norm

Continued on Page II

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Joe Rogaly

Arise the city-state

How to make voting worthwhile for the 'average' citizen

Better voting! It makes no difference to the favour of cheese. The power of the individual varies according to the size of her or his bank balance. Putting an X on a ballot every five years is entertaining, but real choices are exercised at the point of purchase. Opinion polls are often wrong, cash never. Citizenship is yesterday's dream; tomorrow belongs to consumers. Politics ruled the 20th century. Wealth will reign in the 21st.

These are assertions of the 1990s. In the present decade, they leave us puzzled. The market cannot be the whole story. Surely democracy stands for something? Not much, in most places, politicians are held in low esteem, and with journalists and politicians in the US conservative Republicans seek to diminish the authority of the executive by diverting responsibilities and funding to the states. This is a first step, followed by campaigns to reduce state government to the minimum.

In Britain, Tony Blair remarked this week, the regard in which politicians are held has never been lower, "except perhaps in the pre-Reform Bill days of the early 19th century". The Labour leader set out his plans for change, prefacing his proposals with the words of his predecessor, the late John Smith.

Mr Smith's ambition was to see "a fundamental shift in the balance of power between the citizen and the state", a move to a "citizen's democracy". Mr Blair's reforms, if implemented, would not meet that challenge.

Most of them are desirable, but the whole is less than the sum of the parts. Removing the voting powers of all hereditary peers except for a few who currently do an outstanding job must be right, but the ability of the by-appointment-only upper house to amend or postpone legislation would not be enhanced. The elected Commons would still dominate, a rubber-stamp for Mr Blair's administration.

Yes, the European Convention on Human Rights should be incorporated into British law. Appeals might then be easier, and perhaps cheaper, but no additional rights would have been protected. A freedom of information act is long overdue. Its value will be determined by the small print, when we get it. What Mr Blair terms the "removal of crude rate-capping limits", might enable local authorities to spend a little more, but it would not restore local autonomy to what it was before 17 years of Conservative emasculation nullified it.

The big one is supposed to be Scotland, but its proposed

new parliament, better termed an assembly, would have less financial leeway than today's local authorities. Mr Blair, ever anxious not to frighten the horses, intimated that the existing Scottish office would merely be made accountable to Scottish voters. Admittable, but we should not be carried away. The new "parliament" sounds like a large regional authority to me.

Blair, like Heseltine before him, floated the idea of elected mayors

Assume all this comes to pass. We must be thankful for small mercies. Yet Britain would remain vulnerable to the whims of its cabinet, its elective dictatorship. The fact that it would be a Blair administration that pushed us around would make no difference to that.

Over the years, I have pursued this and similar arguments with some passion. But the world has moved on. Governments matter less than they did when parties argued about ideology, or how much they would spend if elected.

The significance of the collapse of communism, and with it true socialism, has yet to sink in. The retrenchment of the state is likely to continue despite Mr Blair's observation that the right has "accepted the need for social provision". Maybe, but almost every party now talks as if less social provision was inevitable.

We must therefore ask where we can be effective citizens in a world much of which is managed by our other selves as consumers. One answer might be to return genuine power to the cities.

Down with the nation state, arise the city-state! Mr Blair, like Michael Heseltine before him, floated the idea of elected mayors. Excellent. That would narrow the focus of politics to where "who governs?" would be a question close to the heart. The answer would affect education, roads, land-use, policing and, optimally, health and social security. The items in the above list are all areas of policy most of us really care about.

Other countries already know this. Even the French are decentralising a little. The former mayor of Paris is now the president of France. The German *lander* have powers over their cities, but Berlin and Frankfurt are relatively free from federal attention. Rudolph Giuliani congratulates himself on revitalising New

York. I would add Tokyo to this list, although its governor has been in trouble over a proposed use of city funds to protect depositors in failed banks. "Tokyo residents are possibly wondering 'why should our tax be used to correct the results of disorderly management?'", asks the *Yomiuri Shimbun*, or so an electronic travel tells me.

The resurgence of the city-state is not an ideal. It might, however, be the most practical answer to the marketisation of everything. The general unwillingness of voters to pay tax extends to most electorates. That is why government is becoming less of a provider. Yet taxpayers might appreciate the arguments for coughing up when the service to be paid for is locally managed. Putting up mayors, city chief executives, city governors, or city leaders possessed of real powers to tax and spend might make voting worthwhile, as it used to be.

Do not hold your breath. In Britain constitutional reform looks set to become an "issue of huge moment" - Mr Blair's phrase - in the forthcoming election campaign. Sadly, there are to be no radical suggestions, but a great deal of bluffing and puffing about not very much. It will hardly be surprising if voters shrug their shoulders and ask, so what else is new?

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PERSPECTIVES

The Nature of Things / Clive Cookson

Bodies from the shallow lagoon

Peat bogs can act as magical preserving agents for archaeological remains. In their acid oxygen-free conditions, perishable artefacts such as textiles - and human bodies - can survive virtually unaltered for thousands of years.

One spectacular example is Windover Bog in Florida. The Windover bog site - discovered during the construction of a housing estate in 1982 - has revealed that a culture existed in North America 7,000-8,000 years ago more advanced than previously suspected.

But the discovery of soft remains buried in peat is often the start of a conservation nightmare. Human tissues and organic materials such as textiles and leather are liable to crumble to dust as soon as they dry out; they are therefore kept damp, frozen or impregnated with unpleasant preserving fluids. That makes it hard to study the objects

and to display them in a museum. A solution may lie in a controversial new technique, derived from industrial chemistry, which has successfully conserved small artefacts in the US and Canada. Its biggest test is now beginning: the preservation of two shroud-wrapped bodies dug from Windover, one of a middle-aged woman and the other a young boy.

The process involves coating materials with ultra-thin, almost invisible layers of a clear polymer (plastic) called poly-paraxylene - parylene for short.

The parylene treatment is uniquely gentle, because the plastic forms molecule by molecule from a gas at room temperature. No heating and no liquids are involved. The process requires the materials to fit inside a special vacuum chamber, so it is not suitable for very large objects such as ancient boats or wooden buildings. But it can be used on virtually any

material, whether it comes from a bog or a desert tomb.

Understandably, many conservators take a conservative view of new technologies - particularly those such as parylene that cause irreversible changes. They remember past disasters, such as chemical treatments for stone carvings which gave wonderful results at first but began crumbling after a few years.

Bruce Humphrey, the industrial chemist who has developed parylene's applications in conservation, says: "A lot of conservators are upset that we are going to do this with the Windover materials, but they offer no alternative."

Parylene has been slow to catch on. The polymerisation reaction was discovered in 1947 at Manchester University by Michael Szwarc, but not commercialised until 1965. The Union Carbide, the US chemicals company, slowly built up a parylene business in Wisconsin,



James Adovasio, left, and Bruce Humphrey with the body of a woman from the Windover Bog at Mercyhurst Archaeological Institute, Pennsylvania

coating electronic components to protect them against dirt and environmental hazards.

The technology returned to British hands in 1993 when Cookson, the UK industrial materials group, bought Union Carbide's Specialty Coatings Systems division. (I have a historical interest here: the Cookson Group is the old family firm, although Cooksons are no longer involved in the company.)

Humphrey, manager of the Cookson parylene plant, started trying to interest conservators in the process in the early 1990s. His main success has been in Canada, where several museums use a parylene treatment chamber at the Canadian Conservation Institute in Ottawa. Their most spectacular achievement is the preservation of sections of a 45m-year-old fossilised forest floor from the Arctic island of Axel Heiberg; this contains non-mineralised - and therefore extremely delicate - remains

of leaves, ferns, cones and tree stumps.

James Adovasio, director of Mercyhurst Archaeological Institute in Erie, Pennsylvania, pioneered the use of parylene at Windover Bog. He has concentrated so far on preserving wooden artefacts and textiles. Without the use of this "molecular glue", he says, it would have been impossible to handle and analyse the sophisticated cloths which the ancient Ais Indians wove from plant fibres.

Now Adovasio and Humphrey are moving on to the two bodies that were buried in the shallow Florida pond 7,500 years ago, with stakes to hold them under the peaty water. Last weekend they transferred the two deep-frozen "burials", each still sitting on a block of peat, to a desalination tank.

When the salt has been removed, they will be freeze-dried to extract all moisture. Finally, they will

With inventor Brian Padgett's help, a company in north-west England has sold drilling rigs and coal-washing machinery to India.

Padgett has found a career helping other technologists transfer industrial techniques among British companies and to Asia and Africa. He publishes a directory of the environmental abilities of companies in eastern England, and another seeking new outlets for the skills of people who worked on defence projects.

It was Padgett and colleagues at the former English Electric works at Bradford in South Yorkshire who designed a lightweight, variable drive which proved vital to the Harrier jumpjet.

Before that, he invented the spray-cooled alternator now used on aircraft.

In 1985, while Padgett was running the Intermediate Technology Development Group's UK programme, he set up Technology Exchange Ltd which, with a staff of four, has exploited two simple ideas. One is that it is often better to license an invention widely rather than to sell it expensively to a single user. The second is that the best way to find licensees is to publish a catalogue.

The catalyst for setting up the Technology Exchange were the arrival at ITDG of Gordon Morrell, seconded by ICI, and a request from Ray Bristow, a power generation engineer in Devon. He had designed a device for controlling the power supply to electric motors, saving both power and wear. Without such a device, the motors receive the same power whether they are fully or partly loaded.

Padgett and Morrell obtained a grant of £26,000 from the Gatsby Charitable Trust to help Bristow. They promised to pay back the trust out of ITDG's share of the royalties.

Padgett suggested licensing all the main electric motor control manufacturers on a pay-as-you-use basis. At first they refused. Then all except one said yes. No one wanted to risk being first into production. Padgett's confidence that a smaller company would prove right, it was MTE, a supplier to Ford, the motor company. A control device arrived there ahead of the MTE engineer, and a Ford man was able to fit it because it operated digitally and was self-adjusting. That made the controller's reputation and more than 70,000 have been sold.

Padgett offered Gatsby its money back but the trust decided the cash should go into the newly formed company, Technology Exchange. This was independent of ITDG and aimed to put inventors such as Bristow in touch with potential licensees.

The Greater London Enterprise Board provided offices and the first year's running costs. BP and the Wellcome Foundation each put in £10,000. Esso put in £2,500 a year for three years and seconded Tony Galloway to help. "We created a database of 13,000 licence offers from all round the world and came up with opportunities for them," says Padgett. The exchange charges around £200 for handling an outward licence offer or for its introduction service. It has now



Technology partnerships: Brian Padgett, centre, with his team, from left, Sheila Mueson, David Lefever and Ian Mettison

Dispatches Visit to an old boiler

Thomas, the plumber, never pauses for breath. The words come out like wind from a collapsing tyre.

"Jeez Kieran and I thought we'd lost you for good that time, so I did, and there I was only the other day thinking your boiler needed a service, what with the dampness about and all and why wouldn't you come back and how do you find things, the country is in a terrible state..."

Three and a half years away from Ireland in tropical parts. "Welcome to the wild, wonderful and warm west," said the new sign on the road from Dublin. The Irish have never been frightened of a drop of hyperbole.

The car had just been blown across the Shannon. The wipers battled against the sleet. Crows wheeled and dived in the wind. No wonder the heating had given up the ghost. "Give me the hammer," said Thomas, with the air of a surgeon asking the nurse for the replacement heart.

Everything changes, everything is the same. The trees planted years ago have grown. Not up, but horizontally. The beech and birch, foreigners in these parts, are 12ft long but only a foot off the ground, victims of the Atlantic gales blowing in from Newfoundland.

The fuchsias, as fecund as rabbits in the peaty soil, continue their march on the house. By spring they will have us surrounded.

Patrick, the local vet, arrives. I have no animals. But, rich, wishing to talk of more worldly things, does not mind. "This country," he says, prodding the half-chewed end of a foul-smelling pipe into my chest, "has never been more exciting than it is now."

He leans back, beginning a fruitless search for matches in every pocket of his rough tweed suit.

Exciting? Yes, I've read all about it, I say. There does not seem to be a town in the land where the clergy is not facing some sexual abuse charge or other.

There is a hue and cry about crime, especially in country areas. Sephardic and Armenian living alone in isolated cottages being beaten up in the sags of a few quid. Drug-crazed vandals creating fear in many communities. "Man batters

intruder with crucifix," was the message on one placard. "Yes, yes, there's all that," says Patrick, laying a piece of string, three drawing pins, a squashed Mars bar and no matches on the table.

"But there is a lot more happening. It's as if the whole place is coming out from its shell. Taboos are being broken. The old myths are being shattered. We are not living in the past any more. Do you know that despite everything the Irish are the most optimistic people in Europe?"

There is a soft boom from the cow shed, which is home for the boiler. A noise like an alligator with indigestion runs round the pipes. Thomas says he thinks he has his eye on the problem but he would not be sure, what with the pump refusing to obey instructions and the system being none too sound.

Patrick says the Irish are even showing signs of liking the English. "The west of Ireland is rotten with royalty. The other day I was in the town and who is there but Prince Edward. The other month Charles came to put his feet up for a few days. You want to be careful. Any day now you might have the Queen herself knocking at the door asking did you hear the numbers on the lottery?"

The mist comes down, hiding all but the ankles of the hills. But look at the papers, I say. The correspondence columns are full of letters denouncing the terms of the British Isles, insisting Ireland should have nothing to do with such blatantly imperialistic nomenclature. It will take another few hundred years before the old sensitivities and animosities are finally laid to rest.

Patrick finds a match but remembers a cow he must go and look at. Thomas is triumphant at the door.

"She's all fired up now but be sure to keep an ear out for any gurglings because you never know when a pipe will go and will be seeing you in the town later for a pint and then we can settle up and sort the problems of the world out at the same time. It is a terrible old business in Bosnia and whatever is going to happen in Russia? Things are in a pretty fix altogether."

Kieran Cooke

Minding Your Own Business His trade is technology

Two simple ideas led to an exchange of invention and application. David Spark reports

launched what it calls technology targeting. It holds seminars to find what companies need or can offer, then it seeks to make connections.

A move to South Bank Technopark after GLEB closed down proved costly, and Technology Exchange moved again to Silsoe, home of the Silsoe Research Institute. "Bedfordshire county council became our sponsors," says Padgett, "and supported our work under the EC Sprint Programme to help local firms find partners for their technology."

Then Department of Trade and Industry officials asked him why support was ebbing for the annual Bedfords Technomarts. "We said there was no advance list of offers to attract the right firms."

So the Technology Exchange staged a Technoshop at a Heathrow hotel. The idea was that it would sell in advance a catalogue of technology offers, and invite interested people to meet at the hotel.

The DTI gave its goodwill but no money. "We were down to our last £50." However, printing bills did not arrive early, and the 10 catalogue editors said they would wait for their fees. Nine hundred catalogues were sold to firms in 51 countries, bringing about 3,000 introductions of which 500 led to negotiations. The Technology Exchange recouped some of its £40,000.

The Technology Exchange was invited to produce a catalogue for the first Technomart in China in 1991. The Chinese also translated the catalogue and printed 25,000 copies in Chinese.

There have since been three Technomarts in India (plus another in February 1996), one in Zimbabwe, one in Zambia for farming and food processing and one in Vietnam. After India this year, it is Pakistan, Vietnam and back to Beijing.

For these events, Unido and national organisations put on international fairs while Padgett and his col-

leagues produce the catalogues of technology offers and requests. "We now link with over 4,000 sources of technology worldwide," he says.

Unido circulates the catalogues and pays the Technology Exchange a \$15,000 fee per Technomart.

At first, companies bid for all manner of technologies, not realising they needed to prove they were competent to use them. Padgett also found it hard to persuade owners of technology to put offers in the catalogues, but he pointed out that he could provide them with the largest number of introductions they were likely to get.

The catalogue for Technomart India in November 1993 listed more than 1,300 offers of technology from all over the world, and 400 requests. Sixty British organisations made offers, and 15 took part in the exhibition. By the end of the fair, more than 100 contract documents had been signed.

The Technology Exchange now receives 2,000 technology offers and

requests every month, half from the European Community, half from outside it.

In 1993 the Technology Exchange won the award for effective communication, in the Worldware development education agency's annual award scheme for businesses promoting development overseas.

The exchange is limited by guarantee and is non-profitmaking. Turnover varies between £100,000 and £150,000 a year. Padgett says he and his colleagues, David Lefever, work for about half the commercial salaries they could command. His satisfaction comes from testing the theory that Britain, if information introductions are made, can establish fruitful partnerships in both richer and poorer countries. The Technology Exchange's database is on-line throughout Canada.

■ The Technology Exchange, West Park, Silsoe, Bedford MK45 4HS. Tel: 01525-860333

Continued from Page 1

not the exception. More than half of the population over 16 is married. And far from marriage being shunned by the young, nearly two-thirds of men and three-quarters of women born in England in 1961 were married by the age of 30. Eighty per cent of children continue to be born to married couples.

It is true that the marriage rate is declining - in 1993 it fell to its lowest level since the second world war. Yet much of the decline is due to people marrying later. The average age of marriage rose for men from 25.7 years in 1983 to 28.3 in 1993, and for women from 23.4 years to 26.2.

Most continental European lovers learnt earlier than the English the advantages of later marriage, which is why the decline in marriage rates on the Continent has generally

been less steep during the last decade. Even with the recent decline, the English are marrying at roughly the rate of the Italians and Spaniards.

It is not England's marriage rate, but its divorce rate which is stark. Equally striking is that the average duration of marriages ending in divorce (almost 10 years) and the age of divorce (37 for men and 35 for women on average) have remained roughly constant during the last decade, in spite of the increase in numbers.

Lady Markby was on the right lines: it is fashionable to have more than one go at marriage in England. But that is radically different from saying that marriage is itself under threat, and it explains much of the social pressure for a streamlined divorce procedure.

Why has divorce become so fashionable? Liberal clerics - particularly Anglicans - are widely blamed for encouraging "moral laxity". Some highlight broader social pressures. Others

argue that the suppressed demand for divorce has always been great and is only now becoming apparent.

Whatever the explanation, the work of the divorce courts has expanded enormously. In the process, a profound change has swept the legal profession, and the Treasury has been left with an ever larger bill, particularly for the maintenance of one-parent families. Lord Mackay's bill was precipitated by these two pressures.

Children and money are now the main concern of the legal process. With good reason: nearly 60 per cent of divorcing couples have children under the age of 16, and the question of financial settlements has become increasingly fraught across the social classes since the launch of the Child Support Agency in 1993.

Stephen Cretney QC, of All Souls College, Oxford, says: "There has been a revolution - not least in the almost complete abandonment by lawyers

of any notion that the decision whether a marriage is to be dissolved should be a judicial act." It is symbolised by subtle changes of language. Lawyers no longer talk about divorce law but "family law". Tellingly, Lord Mackay's legislation is entitled the Family Law Bill and deals with everything from quickie divorces to domestic violence and occupation rights to the "family home".

The quintessential statement of the revolution is the Law Commission's 1990 report on family law, which is both a key influence on the latest reform and a red rag to its opponents. The report claims that the divorce rate "does not, as is sometimes alleged, indicate a fundamental weakening of the fabric of society".

Still more provocative was the statement by Brenda Hoggett, one of the report's authors and a judge on the family division of the High Court - that "logically we have

already reached a point at which...we should be considering whether the legal institution of marriage continues to serve any useful purpose".

To Lady Young, a former Tory minister, this is heresy. The breakdown of marriage "is gradually undermining society at all levels", she says. Yet logically the point is unassailable. The trend of family law for at least two decades has been to safeguard the rights and well-being of family members, particularly children, irrespective of marital status.

Few in the legal world believe the courts could re-enter the business of policing marriage breakdown, whatever the parliament decrees. In effect, no-fault divorce has already become near-universal within existing law.

Most divorce applications are now considered by the courts solely on paper. It is rare for petitions claiming adultery or unreasonable behaviour - the most common legal routes to

divorce - to be queried by a judge. As one senior divorce solicitor remarks: "It's become essentially a form-filling exercise."

Confrontation has been almost entirely replaced by conciliation. The code of practice of the Solicitors' Family Law Association - which embraces most lawyers in the divorce field - enjoins members to "avoid heightening emotions" and to act throughout "with a view to proceeding by agreement".

Alongside this legal revolution has gone the growth of marriage counselling and mediation services. Relate, the largest of the marriage counselling services, deals with 50,000 cases a year and has 2,000 counsellors. "For far too long we had a criminal attitude to divorce," says Julia Cole, a Relate counsellor. "What people need is help and advice, not branding."

There are conflicting views here, too. Many lawyers and

receives £1.6m a year, compared with about £250m spent on legal aid for divorce, and around £3bn spent on social security benefits for divorcees.

Some of the legal aid may be redistributed to mediators under the Mackay plans, but the switch is unlikely to be great. Already it has transpired that the "compulsory information-giving sessions" may take place in groups, or even in writing. "A fat chance of group videos encouraging people to seek counselling," says one lawyer.

Beneath this lies a more fundamental question. In effect, the Lord Chancellor has reached three conclusions about marriage. He will not stand in the way of divorce on demand. Yet he regards marriage as the bedrock of a healthy society, and believes more can and should be done by counselling and conciliation to safeguard it.

If the defence of marriage is so important, why are the means to defend it not a urgent national priority? The divorce debate may still be in its early stages.

Chess No.1, 114. 1 Qx4f1 if Qc2 2 Qd7+ or Kd2 2 Qd4+ or Kd1 2 Qd4+ or Kc1 2 Qd3+ or Kd1 2 Qd4+?? Qd2+ when Black wins.

مكتبة القرآن الكريم

PERSPECTIVES

Lunch with the FT When Labour was cold on Europe

Nigel Spivey talks to Lord Annan about his experiences in the post-war period

I am not," confided Noel Annan, "a political animal. Sociable, yes. But not clubbable."

Perhaps these things are relative. Coming from someone regarded by his former colleagues in academia as an old lion of the Establishment, it was a curious admission. And the impression he made was of a plummy clubbable man. Not a buffer. But the sort of companion always ready to fertilise a conversation from his rich store of personal anecdotes, and sprinkle it with names like Binker This and Biffy That and Tubby So-and-So. He marched along to our rendezvous at La Tante Claire with energy and

get into it by accident. And I started at the cypher-cracking centre at Bletchley, which was a very odd place. More like a senior common room than an army outfit. Full of odd characters."

For example?

"Chaps like Eric Brierly. Spent his academic life trying to work out the cohorts of the Roman army stationed on Hadrian's Wall. Came to Bletchley and had to do the same for the German army. Exactly the same technique, piecing together a picture from scraps of information. He was a natural code-breaker. He thrived on fragments. In fact, he got bored if there was too much information."

We tried to thrive on the fragments offered to us by Aunt Claire: it seemed that the key strategy there is to snatch the bread basket whenever it comes within range.

"But it's a depressing book, too," I added. "You know, the pique of winning the war and losing the peace. Is it really because the Germans are just so much more dynamic than us?"

"Absolutely not. Of course they have terrific drive, self-discipline, and so on. And I think there's a great gulf between us as a nation and the Germans as a nation. We could never have made a sort of pact with them, as Hitler, and some right-wing British historians, like Maurice Cowling, used to think. But we're to blame for where we are. We threw away the leadership of Europe when it was going begging. Once we made up our minds about Europe."

"Shouldn't that be if...?"

"Ah, well, perhaps. But the Europeans then were all Labour. It was Labour policy which did for us."



Lord Annan, one of Britain's leading academics: pleased to have dispensed the benefit of experience

And the post-war leaders in Germany and France weren't going to wait for us to stop dithering. Adenauer and de Gaulle had no reason to make it easy for us when we did decide."

He mused appreciatively over a glass of Fleurie.

"Remember Herbert Morrison on

the prospect of a European trade agreement? 'The Durban miners won't wear it,' he said. 'Where are the Durban miners now?'

He chuckled, almost crowed. Easy to be wise in retrospect, I thought. But this is not for a young pup to say. "Yet you liked Adenauer, didn't you?"

"I did. He was frightfully cynical. But in the most positive way. He'd been imprisoned by the Nazis. But that didn't mean he loved us. He was out to save his country. And he did."

I fear that, over coffee, I vacillated up the petit fours. Lord Annan sat back indulgently:

pleased, I think, to have dispensed the benefit of experience. Echoing the dictum of Horace Walpole, he declared that when he thought, he found the world ridiculous; and when he felt, found it tragic. This made sense. His manner throughout our meal was of jolly kindness.

"So should we go for everything

that the Europe club offers?" I asked.

"Of course. It's not as if the Americans have an alternative club for us to join, is it?"

■ *Changing Enemies: The Defeat and Regeneration of Germany*, by Noel Annan, is published by Harper-Collins, £18.

Britain squares up to the metric challenge

A quarter of a century has passed since the day on which, to a chorus of protests, Britain went decimal. At least, its currency did.

On February 15 1971 the 20 shillings which made a pound lost their legal status and joined farthings, tenners, florins, half-crowns and guineas and both notes (50p) as part of British history.

Now, it is difficult to imagine why the change to currency should have aroused such passionate opposition. However, the move to complete metrication, which is far from complete, is still capable of inspiring feelings of horror in an Englishman's soul.

Back in 1971 an official booklet exhorted the public: "Think decimal, don't constantly convert back..." After the change of the currency people were forced to adapt, but in other fields, such as cookery or the measurement of temperature, the old imperial measures have a tenacious hold.

So a huge public awareness programme is needed to enable everyone to cope with the changes which will be made in all areas of the British people's lives before the end of 1999. These are far more complicated than in 1971.

As in 1971, many see no reason to change. But, in spite of their delightful history, the imperial units are unsuitable for a technological age. European Union rules have caused Britain to phase out certain measures as trade increases and technology demands fine accuracy. For this reason, the US is going metric too.

Imperial measures are inaccurate because of the way they developed. Herodotus, the Greek historian, who lived from 484BC to 424BC, called the width of a man's middle finger a digit and noted that 16 digits equalled a man's foot size. He also noted that the distance between the tips of the middle fingers on a man's outstretched arms was equal to six times the length of his foot.

Marcus Vitruvius Pollio, who lived in the first century BC, noted that this spread or fathom was four times the distance from his elbow to his finger tips. Hundreds of years later, based on the same calculation, Henry I of England defined half a fathom or one

yard as the distance from his nose to the tip of his middle finger on his outstretched arm. An inch was the breadth of a man's thumb at the base of the nail and this was later also equated to measures in agricultural terms.

The foot was related to the size of a hand, being 12 times the width of a man's thumb. Hence 12 inches equals one foot. In the 13th century the hide, which was the area that a team of eight oxen could plough in an agricultural year, was replaced by the acre, defined by the area that a team of eight oxen could plough in a morning.

After the 18th century the

invitation of the French to change to metric measures. The bill was lost by five votes. This would have saved us a lot of worry today.

The first scientific measure of length in Britain was the yard, defined as the distance between two gold plugs on an iridium-platinum bar kept at 62°F and stored by the Board of Trade. Standards are now agreed by many countries who have copies of the standard. For instance, the standard kilogram in Britain, called kilo 18 as it is the 18th from the original in Paris, is kept at the National Physical Laboratory in Teddington, Middlesex.

So there are good reasons for change. However, small firms and businesses face big increases in costs when changing their tills, price lists, scales and literature and it is feared some will be put out of action.

The Federation of Small Businesses, which represents 75,000 businesses, asked for a one-year grace period during which it would remain legal to sell goods in pounds and pence rather than kilograms and litres. This was not allowed and the first laws came in to force on October 1 last year. Under EU directive 89/617 a £5,000 fine can be imposed on any shopkeeper who continues to label packs only in imperial measures.

Nowhere else in Europe is the use of imperial measures a criminal offence. In Germany gunmakers use imperial measures to make .203 and .22 rifles. Dutch plumbers and Swedish timber merchants use feet and inches. In 1986 the Confederation of British Industry estimated the cost to British industry of continuing to work in imperial measures as around £5bn a year.

So companies were encouraged to change and big industries such as the car makers and those producing component parts made the switch. Houses have been built to metric measures with metric size windows, doors and fitted furniture, for some years. But property built in millimetres is still sold in feet. Metric windows are adorned by curtains measured in inches and feet. Imported fitted bedsteads will not fit an imperial British mattress.

The material and carpet industries have looms which

make products in imperial measures. A change to looms making metric widths requires huge capital investment. So, although a carpet manufacturer in feet may be ordered by the customer in feet, the shop must, by law, convert both measurements to metres before a transaction can be made.

Many hospitals give a new baby's birth weight in kilograms and new mothers wonder if they have a light or heavyweight baby. Even our body temperature is no longer 98°F but has changed to 37°C.

Some officials have registered surprise that these problems and many others have arisen. They say the British public have been buying food products in metric quantities for years and so are familiar with metric measures. Sugar, flour, cornflakes and similar items have been packed in metric weights partly because many are made for export as well as home use, but they are all items for which the actual weight of the contents of the pack is for all practical purposes irrelevant.

But working out weights of items such as packs of meat is a different thing. Just how much meat do you need to buy for a spaghetti bolognese sauce for six people? Is a joint of lamb weighing two kilograms rather mean or far too much for a meal for two?

Even though metrication was officially adopted in Britain in 1975 nothing has been done over the years to educate the public. The Metrication Board was shut down in 1982. Most people are confused and further legislation will make this worse.

The British have four years to adapt to buying all food sold loose in metric. Milk bottles will remain the same and roads will continue to be measured in miles, even though litres are put in the petrol tank.

However, Britain still has the 2,000 guineas horse race and the length of the track is measured in miles and furlongs. How long will all this continue, only time (3,600 seconds to the hour) will tell.

■ *Shirley Bond's book, Home Measures*, will be published by Street at £8.99 in April.

Shirley Bond

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FOOD AND DRINK

Eating Out / Giles MacDonogh

Echoes of Morocco's culinary past

The European diet has been subject to considerable change in the past millennium. Possibly the most drastic alterations have been wrought by the discovery of America.

For once I am not referring to hamburgers and industrialised food, but to the potato and the tomato, little Attilas and Alarics which turned the European life-style upside down between the 16th and 19th centuries.

Where the potato installed itself chiefly in northern Europe (with disastrous results when the famine hit Germany, Poland and Ireland in the 1840s), the tomato went south and destroyed the old, medieval Mediterranean cooking.

Out went sweet and sour combinations of meat and fruit, in came the slow cooked sauces we associate with the Mediterranean today. The process was a long one: even in comparative luxury in the south of France, pork fat was still largely the rule.

Probably the most resistant creation of this medieval diet is the Christmas mince pie, with its curious blend of spices, fruit and suet.

If you wanted to find another survivor, you could try the *petits pâtés de Pézenas*. Or else, you could go to Morocco.

Far less has changed there. The classic example is the *b'stilla* or pastilla: an unbelievably sweet pigeon pie made with a simple brick pastry of flour, water and salt, stuffed full of pigeon pieces, ground almonds and spices, and dusted with icing sugar. I had met it before in some of the better Moroccan restaurants in Paris, but only in Marrakesh did I experience the *dainty* mini-version, which is generally presented as an *hors d'oeuvre*.

Cous-cous was another dish familiar from France. The French controlled the southern half of Morocco from 1913 to 1956 and there were the usual cultural exchanges. Many Moroccans live in France and the French *colons* introduced elements of their own life-

style to the Berbers of Marrakesh. One of the most remarkable discoveries I made in the kitchens of the luxurious La Mamounia hotel was the cheese board: every style you could imagine from camembert to tommie, all made in the highlands of Morocco - originally at least by homesick Frenchmen.

Cous-cous is slowly stewed meat and vegetables served with steamed semolina which, in its best manifestations, is hand-rolled and left in the sun to dry. Meat and vegetables are served separately. The vegetable broth is then mixed with the horrid blend of spices and chillies in the soup ladle according to taste, and poured over individual plates.

Women do everything in the Moroccan kitchen. At La Mamounia male chefs cook in the hotel's French and Italian kitchens, but for the Moroccan restaurant there are seven stout females kneeling the pots and charging the *tajines*.

A *tajine* is a two-piece earthenware pot. The bottom half is a shallow bowl, the top a sort of funnel. In *tajines* meat (generally chicken or lamb, but camel is not unknown), is slowly cooked

A special dish is the *tangia* where lamb is marinated in a pot shaped like an amphora

together with fruit or vegetables. The variety could be endless: at the al Fassia restaurant in the new town of Gueliz (tel: 434060) I had the classic mixture of chicken with olives and preserved lemons; at the Mamounia lamb meatballs were

presented with soft-boiled eggs, or lamb shoulder with slices of quince, or peas or green beans.

Marrakesh lies at the foot of the Atlas Mountains, so fish is only to be found (or trusted) in the best restaurants and hotels. La Mamounia makes a fish *b'stilla* with saffron (this time mercifully unsweetened). In what is generally acknowledged to be the city's best restaurant, Yaout in the Medina (tel: 310104), I had sea bass with a sort of romanesco sauce, with anchovies, olives and tomatoes.

Also at Yaout I experienced the slowly cooked shoulder of Berber lamb which tends to be the festive dish in this part of Morocco. The meat is roasted until it flakes off the bone and served with small roast potatoes.

A special dish is the *tangia* where lamb is marinated in a pot shaped like an antique amphora in a mixture of spices and a little

water. The spice mix varies from place to place. At La Mamounia the chef used cumin, aniseed, nutmeg, ginger, cinnamon, saffron, white and black pepper, cardamom seeds, cayenne pepper, saffron threads and cloves. Elsewhere in Marrakesh's pungent souk, I was shown more elaborate versions of what Moroccans call "the best in the shop".

The chef at La Mamounia admitted that the ingredients made the dish highly aphrodisiac, but his version left out the Spanish fly which was supposed to give the *tangia* its devastating effect. The fly cannot have ever been used in any top hotels or restaurants, but it was certainly a standby for frustrated wives until the government moved to ban it four years ago.

Mohammed, my guide to the souk, and a man who bore a pleasing resemblance to Sidney Greenstreet, was initially reticent on the

subject. The fly, he finally admitted, was something of a last resort used by wives trying to salvage a marriage which had floated on to the rocks. Mixed into the "best in the shop" spices it was scarcely noticeable (on its own it tasted like ash).

I asked whether it was effective. Mohammed smiled and answered: if you added the fly to a dish of spaghetti and covered the pot, and returned to the stove a few minutes later, the pasta strands would all be standing up on end.

This interesting modern concoction of *Spaghettis à la mouche cantharide* was sadly not on the menu at La Mamounia, but there were plenty of other things on offer to prove that Marrakesh with its honey and spices had plenty to teach us, not only about Morocco, but also about our own culinary past.

La Mamounia (bookings through Leading Hotels of the World, tel: 0800 1811 23 toll-free or 449881 in Marrakesh). The Berkeley Hotel in London (0171-235 6000) is having a week-long Moroccan food festival from February 17 to 25.

Giles MacDonogh flew to Marrakesh courtesy of Royal Air Maroc.

Cookery / Philippa Davenport

Puds to make a Briton proud

Jars of Radio Malt were kept in the pantry at my English boarding school, and underweight wannabe Twiggles and Kate Mosses were spooned a sticky mouthful after each meal in an attempt to lure them into prettier roundness. Sweet temptation succeeded where lectures on nutrition had failed. We ended up with more puppyfat-cheerful pupils than anorexics.

I was reminded of this by the recent sad sight of women seemingly hellbent on punishing themselves for having enjoyed Christmas, refusing to eat any food with more caloric value than lettuce leaves and maybe the occasional fashionably char-grilled red pepper.

I have heard of ladies who toy with lunch but this is ridiculous. It is one thing to fail to eat proper meals in high summer, but to go on a hunger strike when temperatures drop to zero is sheer madness.

As anyone with a lusty appetite for life will tell you, the tradition of midwinter feasting is not just an excuse for a binge. It is based on the historical human need to build up strength - to fatten ourselves up, literally - in order to survive the rigours of the coldest months of the year.

The siege of lean months has diminished greatly over time, of course. The world is Britain's larder now, and we lead sedentary lives in centrally heated homes and work-places. But it will have escaped the notice of positive thinkers and bon vivants that a winter as cold as

this one offers, for the first time in several years, a heaven-sent opportunity to rediscover and enjoy an area of cookery at which Britain shines.

Britons are pudding and pie makers second to none. It was these foods that fuelled the Industrial Revolution and made the British Empire great.

A once weekly dose of good pudding is enough these days, but only killjoys would deny themselves or others the pleasures of that. Tucking into a sensible helping of pudding at, say, Sunday lunch breeds feelings of contentment and physical warmth and well-being on a par with wearing cashmere, toasting ones feet by the fire or curling up with a hot water bottle. Far better, surely, than looking pinched and shivering miserably in mannequin sized clothes.

SEVILLE ORANGE AND ALMOND TREACLE TART

Black treacle and golden syrup were for many years cheaper and more readily available than sugar. This made them great favourites in the north, where they were also prized for their voluptuous texture. I remember writing my name in syrup on the top of my breakfast bowl of porridge as a child, and giving greedy thanks for the fact that I had not been christened Ann but was blessed by an eight-lettered name.

Treacle tart (usually made with golden syrup rather than black treacle) is one of Britain's best loved traditional puddings, popular with

adults and children alike. To make a superior version, follow your usual recipe but replace one-third of the breadcrumbs with home-ground almonds, and increase the citrus element.

Instead of a mere squeeze of lemon juice and/or pinch of zest, a classic finishing touch which barely mitigates the heavy sweetness of the golden syrup, I suggest using the finely grated zest of a couple of aromatic Seville oranges and at least one tablespoon of the juice. But you will have to hurry to catch the last of the Seville before their short season comes to a close.

ROSCOMMON RHUBARB PIE

Forced rhubarb is another seasonal treat. Schiaparelli pink, enticingly acid and deliciously tender, it is much more delicate tasting than its summer counterpart. There is nothing quite like it for shaking one awake to the new year. Most of the commercial crop is grown in Yorkshire, and (like whiloo or Belgian chiochi, that other blanched treat of new year eatings), it is traditionally sold cocooned in blue paper wrappings to protect against bruising and the light.

When gathering recipes for *Irish Traditional Cooking* (Kyle Cathie,

£19.99, 288 pages), food writer and cookery teacher Darina Allen was given a recipe for a fruit pie in which summer rhubarb was strewn with sugar, covered with a blanket of enriched bread dough and cooked in a bastable (traditional iron pot). When done, the pie was inverted on to a plate so the crust supported and contained the fruit, like a tart. I have altered Allen's quantities very slightly and added the zest of a sweet orange, a flavouring I can never resist with juicy rhubarb.

To serve eight people or more, cut obliquely into short lengths 750g forced rhubarb (washed and

trimmed weight). Put the fruit into a deep porcelain, earthenware or Pyrex gratin dish that is 23cm-24cm in diameter. Add 200g granulated sugar and the finely grated zest of 1-1½ oranges. Toss to mix and press down evenly.

Make an enriched scone bread dough by cutting then rubbing 50g butter into 300g flour mixed with 1½ teaspoons baking powder and 1 tablespoon caster sugar, then add an egg beaten with 150ml full-cream milk and mix to a soft dough.

Dust with flour and roll out to a round fractionally larger than the dish. Lay the dough over the fruit

and tuck it in gently all round. Glaze with beaten egg and sprinkle with 1 teaspoon granulated sugar.

Slip the dish into an oven that has been thoroughly heated to 230°C (450°F) gas mark 8 and bake for 15 minutes. Then reduce the temperature to 180°C (350°F) gas mark 4 and bake for 30-35 minutes more until the crust is golden brown, the fruit underneath is tender and the juices are bubbling.

Leave at room temperature for 5-10 minutes. Then run a palette knife around the edge of the dish to loosen the crust, and invert the pie on to a warmed tart plate.

Wine / Peter Graff

Future of grapes in Stalin's backyard

Georgians still drink wine in quantities that would raise eyebrows in Italy or France

Land privatisation in Georgia is a boon for winegrowers but a bane for their wine. Georgian winegrowers, who gathered their best harvest in years last autumn, may at last be enjoying the fruits of economic reform.

But local drinkers say that what may be good news for winegrowers is still bad news for their wine.

At the start of a round of vigorous toasting, Georgians will tell you that wine is more than a drink there: it is an ancient part of a proud national culture.

The oldest evidence of wine-making on earth was discovered in Georgia - an ornamental relic made from a vine which grew thousands of years before the Bible was written. And Georgians still drink the stuff in quantities that would raise eyebrows in Italy or

France. The well-practised custom is to drain the glass with every toast.

But the former Soviet Union transformed ancient pastoral ritual into a modern proletarian industry. Stalin, a wine-loving Georgian, herded family farmers on to collective farms. They received a steady salary and pension for their work, in good years or in bad, and the wine always met state standards. A poor harvest in one region was made up for by a good one in another.

So thoroughly did the Soviet Union wipe out year-to-year variation from the equation, that producers no longer marked the vintage year on bottles.

After an extensive land privatisation programme that followed the collapse of the Soviet Union, farmers were once again in business for themselves, and once again they faced good years and bad.

Until recently, that meant bad years. Economic collapse stifled demand. Hyperinflation made it difficult to sell grapes for real money, and then an austerity plan cut back financing for wholesalers. Civil war and lawlessness made any venture a gamble.

And on top of that, the weather had been terrible.

Last year the summer was long and dry in Georgia. Farmers in many areas said the weather was at last good enough to give them a chance. "Finally we've had a good

year," said Givi Tevdorishvili, raising a glass of fizzy dark, home-made early red in his apartment in the Georgian capital, Tbilisi.

Tevdorishvili managed to make only 200 litres in 1994 when hail destroyed most of the crop at his privatised plot in the village of Kardinali, in the winegrowing western region of Kakheti. In 1995 he had three times that much.

Tevdorishvili works fulltime as a taxi-driver and his wine is just for the family. His fine harvest may mean only that one year passes more merrily than another. One year he ran out of wine in May and was forced to switch to moonshine vodka for the summer. But for larger growers, the good news means good business.

Last autumn, in Tokhlauri, not far from Kardinali, bees swarmed over the back of a dump truck, piled high with Rkatsiteli, the sweet, white grapes native to the region. Vazha Gigauri, 45, smiled as three generations of relatives dragged bucket-load after bucket-load out of his 2-hectare privatised vineyard.

Gigauri was harvesting 15 tonnes of grapes, enough for about 7 tonnes of wine. He planned to sell half the grapes in town for about £160 a tonne and ferment the other half himself, to drink, sell, barter and give away.

In a country where the average salary is less than £13 a month that is not a bad deal,



Homepower economy: In Georgia average pay is £13 a month, about \$200

he admits. It also left the family free to take other work after the harvest. "Yes, it sure is better when you own your own farm," he said.

Yet others are not convinced that the changes have been beneficial. One sceptic is Oleg Kikoshvili, head vintner at the winery that used to serve Gigauri's collective farm. On a

hot day in the middle of last year's harvest his factory stood idle for want of grapes.

Kikoshvili estimated that his factory would produce about 450 tonnes of wine. That is an improvement on 1994's 260 tonnes, but a far cry from the thousands of tonnes - as many as 600 a day during the high season - that the factory once churned out.

His winery is still owned by the government and produces an adequate, state-certified table wine. But with the decline of the centralised wine industry growers can earn higher margins fermenting grapes at home or selling them in Tbilisi, where the wine is often bottled with counterfeit labels that are more prestigious than Kikoshvili's.

"The problem is that at home they just don't have the technology to make good wine," he said. And the wine now sold in shops rarely lives up to its label. "When you open a bottle of Kindzmarauli or Khvanchkara you have no idea what you will be drinking... Sometimes it's just grapejuice, or god-knows-what," he said, referring to two once highly prized varieties that have become the most common.

State campaigns to reintroduce quality controls seem to have had little effect. Competition should help in the long run. Private companies are already producing new trademarks to guarantee

a brand's quality.

An American joint venture, Chalice Wines, now slaps its own label on standard Georgian varieties it produces at its own bottling plant in Kakheti.

But the process of building brand loyalty in Georgia has been slow at best. With private labels multiplying constantly, capital scarce and distribution byzantine, it is difficult to start up brands that consumers can recognise, trust and find.

Meanwhile, lax standards have soured Georgian wine's image in its main export markets throughout the former Soviet Union. Western labels and inexpensive imports from well-regulated former eastern bloc countries have been grabbing market share in Moscow.

In the long run, the fortunes of Georgian wine-growers are likely to depend on improvements in the quality of their wine and, in the short-term, a good harvest this year.

Robert Parker

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HOW TO SPEND IT

How to gladden your loved one's heart on St Valentine's Day

Can the path of true love be materially affected?
Lucia van der Post offers some suggestions

Some of us may wonder, in our world-weary way, whatever can be the point of a Valentine. After all, if you know the identity of the sender can the path of true love be materially affected by a naïf little card?

And if you don't, after you have had the thrill of wondering who and what and why (could it be the spotty youth in

sales?), life proceeds unchanged. I won't, for fear of seeming crass, dwell upon that other great illogicality - why spend all that money on somebody without being sure of being awarded the brownie points?

And as for those miles of column inches in some of our most serious-minded newspapers devoted to embarrassing messages from Smoochy-

Chops to Dinky-Boos, who, I wonder, can be so certain of finding a message that he/she can be bothered to write through such guff. And it's all in such small print, too.

If all that seems too rational by half I have to admit one thing - I have never heard of a recipient of a Valentine token bemoaning their fate.

What is certain is that Valentine's Day has become a big

excuse for commercial endeavour: light-as-feather cakes, heart-shaped pizzas, bottles of booze, cards and other tokens are packaged entirely for "the day".

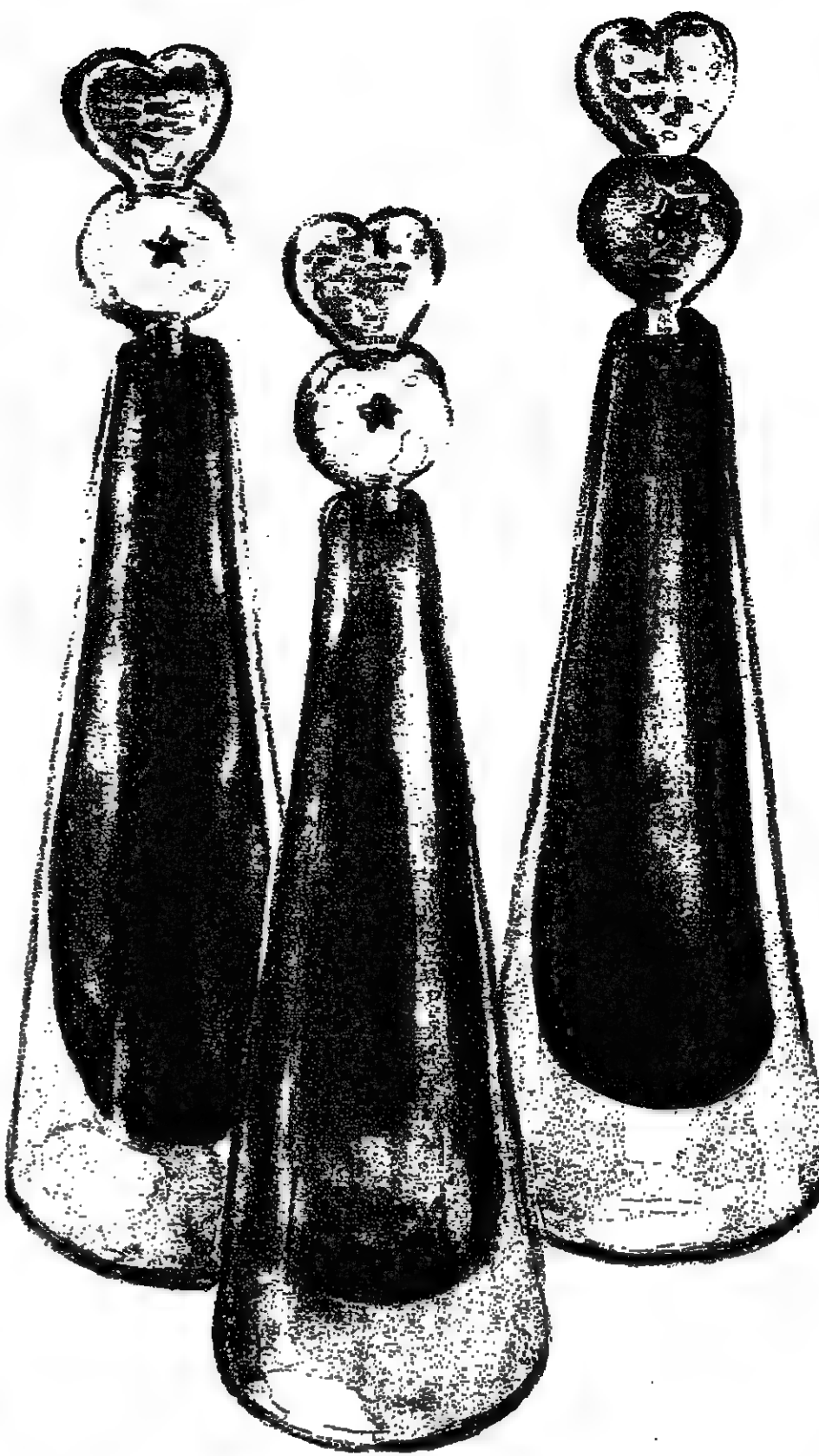
If you are of a more sentimental turn of mind and know somebody you would like to please, there are places where it is possible to find things of real quality and charm. Here are a few of them.

I am not usually enamoured of scent bottles - I am of the opinion that most scents come perfectly well packaged as it is. I can see no earthly reason to add to the expense by putting it into an altogether different bottle, however lovely. But these sand-blasted glass bottles, with their playful tops by Robert Crooks, are delightful objects in their own right - no need to decant anything into them, just display them. They cost £45 and can be found in the British Crafts gallery in Liberty of Regent Street, London W1. Among other one-off examples of British Crafts, look out for Sarah Jane Brown's charming metal automata, for Mary Fellows' hand-painted ceramic clocks, mugs and cufflinks and for Ingrid Duffy's textile designs.

Drawings by Margie Keedy

A lovely one-off present would be a romantic print appropriately framed. Bernard Shapero, of 80 Holland Park Avenue, London W11, still has a wide selection from his recent exhibition of romantic 18th century prints, starting at £500, framed. The frames are all by Bourlet of 32 Connaught Street, London W2 2AY, which specialises in making authentic-looking frames for museums and the best West End galleries. These are not proper antiques (though if you have time you can hunt the auction rooms for them) but new versions which are appropriately "antiqued". The print shown here is by Boucher and costs £500 framed. Frames of this sort of size and period would cost about £350 from Bourlet.

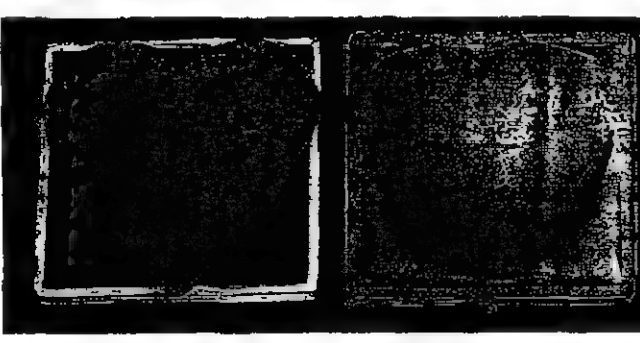
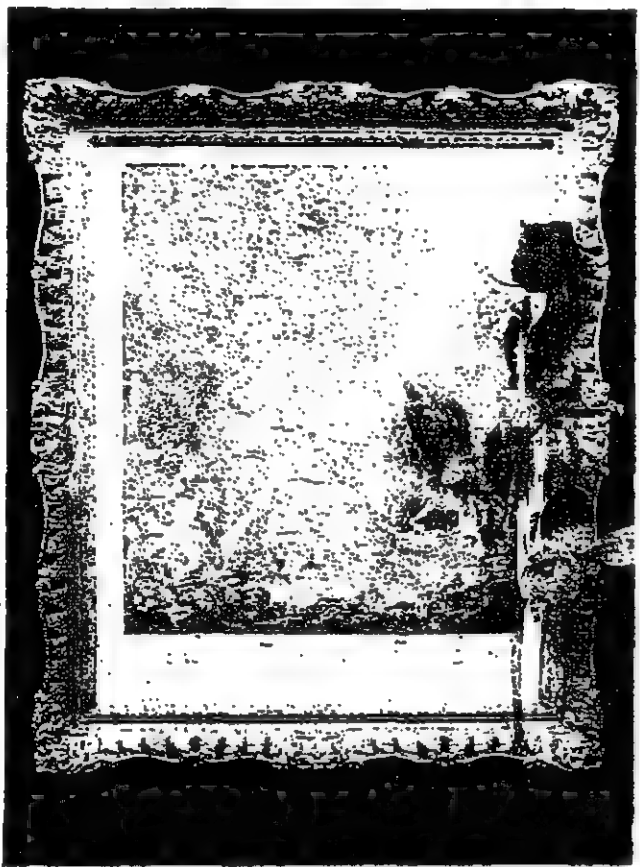
However, should you choose this option you will not be the first - one customer who clearly believes in long-term planning has bought 20 assorted prints. They are all being framed - come the day there will be 20 happy people somewhere round the world.



Gordon Westcott makes beautiful *papier mâché* bowls, plates and beakers. He started making them four years ago when he was made redundant and has gradually perfected his technique. He often layers the pink pages of the FT with white pages from other newspapers.

Shown here are two of his designs. Prices range from £10 to £15 for bowls, plates or beakers; he charges £1 for postage and packing. Write to Merryfield, 39 Exe Vale Road, Countess Wear, Exeter, Devon (Tel 01392-74590).

He decorates the plate with delicate cut-out motifs (a technique known as *découpage*) and the result is decorative bowls that are a delight. These are not bowls designed to withstand the rigours of the dishwasher; they should primarily be used for holding things such as nuts, biscuits or fruit and not subjected to the hurry-burry of daily usage.



Valentine's Day could be a good excuse to buy the beloved (male or female) a piece of jewellery. The Electrum Gallery, which has done a great deal of pioneering work for avant-garde jewellers, has a charming exhibition of heart-related pieces which it calls *Straight from the Heart*. Photographed here are three brooches by the American artist Pat Flynn - his work is

in silver and gold (though because the jewellery is not hallmarked it has to be described as white metal and yellow metal), steel and lead. Some are inset with diamonds and other stones. Prices range from £240 to £1,200 (plus VAT) for the one on the far left which is made from white metal studded with diamonds. Also available are some charming oxidised silver hearts, some

of which double as tiny boxes, inset with coloured stones by Catherine Currell. Prices from £50 to £210. Look out also for Gerda Flöckinger's earrings and, the least expensive piece on sale, Jivan's little tie-stud, featuring a silver heart with an arrow through it, for £45. The exhibition runs until February 14 at Electrum Gallery, 21 South Molton Street, London W1.

These rugs are made for walking on...

... But some could be cut up for cushions, says Lucia van der Post

The cleaner, simpler look gaining ground in interiors goes hand in hand with clean polished wood floors often softened by the judicious use of rugs. Those who prefer their rugs to come antique and valuable will know that not only are genuine examples harder to come by but that prices have risen greatly during the past few years.

However, if you are merely after decorative rugs, there is, happily, a great deal to choose from. Much effort has gone into persuading the carpet-weavers in the carpet-weaving countries to revert to their traditional practices, and to abandon harsh dyes and artificial fading.

Graham & Green at 4 Elgin Crescent, London W11 2JA, will shortly have a selling exhibition of some interesting Turkish rugs.

Antonia Graham, who is the taste behind the shop and does much of the buying, has just returned from Turkey and a visit to Konya in western Anatolia with large numbers of gighins - these, for those who are unacquainted with the nuances of the rug world, are brocaded flatweaves as opposed to the tapestry-woven kilims. The floating weft which the brocaded flatweaves have gives the rugs an unusual texture which is both softer and more opulent than the stronger, more geometrical feel for which kilims are so renowned.

Graham says these gighins are "more faded Ottoman, softer, more sophisticated, more courtly". This is partly because the texture is softer - the gighins drape more easily - and partly because of the richness of the designs (the floating weft means that two designs can be used as a counterpoint to each other).

The gighins are what Graham describes as "old rather than antique". Unlike very valuable rugs which nobody would dare cut up, they look very good used to upholster or cover sofas, armchairs and footstools. They will come in all sizes, from small hearth-rugs, to stair runners to large carpets and prices range from £75 to £2,000.

To go with this *four* Ottoman look there will also be some wonderfully colourful and decorative *susans*. These normally come in red, crimson and sherbet pink, and in double bedspread size so they make splendid hangings - either draped on a bare wall, used as curtains or even cut up and used as cushion covers. Prices are around £250. The exhibition runs from February 29 to March 23.

Those who want access to a larger selection of carpets, rugs and kilims, may like to know about Ian Walker's gallery in Odham, Hampshire. He, too, travels widely in the carpet-weaving countries and buys pieces that take his fancy.

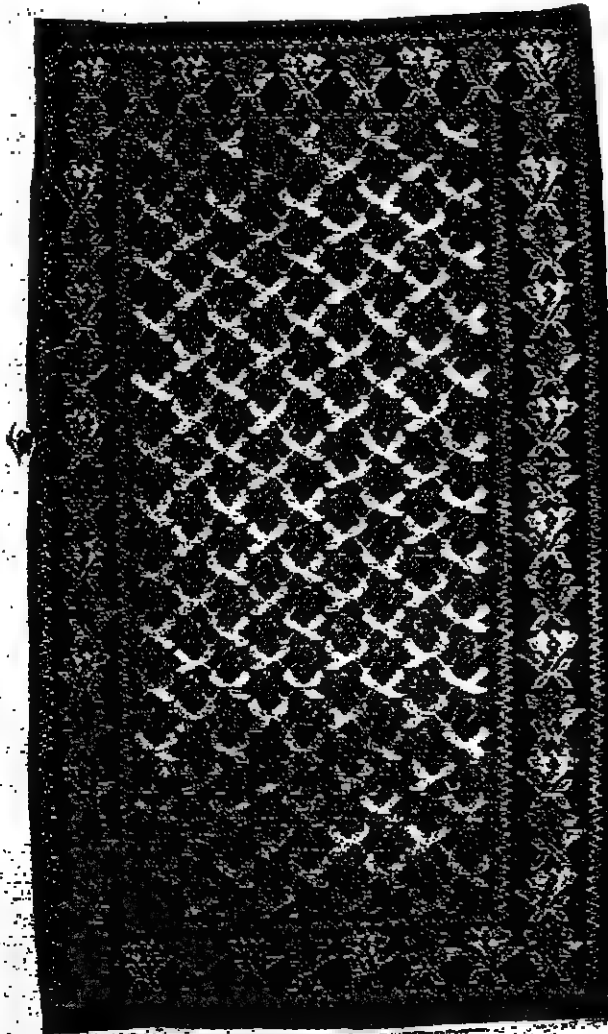
The result is that in his gallery you could find anything from an inexpensive small runner to a large and valuable carpet.

Almost everything he chooses is distinct in some way - either it comes from an interesting region, is a collector's piece, has a special colour combination or is just unduly decorative.

Besides selling the rugs on show in the gallery, Ian Walker will also search out special pieces (such as requests for a particular size or colour combination), give valuations and restore damaged pieces. The gallery is open Monday to Saturday from 9.30am to 5pm or by appointment at 78 High Street, Odham, Hampshire RG25 1LN (tel: 01256-703415).



Ottoman opulence from Graham & Green



Karabagh kelim about 8ft 6in by 5ft, £1,050, from the Odham Gallery

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TRAVEL

Hoi polloi all at sea with the high life

Cruising is the fastest growing sector of the British tourism industry, with 300,000 people opting for a holiday on the high seas last year. While Peter Aspden enjoys a few lazy days on board the Oriana in the Mediterranean, over these four Travel pages our writers look at some other popular – and unusual – destinations

Awidowed pensioner from Hampshire, Norah Kiellor, won one of 1995's largest National Lottery prizes when her winning ticket turned out to be worth £10.6m. A neighbour had little hesitation in imagining her first act of extravagance: "I expect she will take the whole family away on a cruise."

It was a logical thought. Is it not the most instant fix of glamour and luxury available to those lucky enough to win an overnight fortune? Just to give you some time to think about how many Ferraris you really need: a couple of weeks of bright sunshine and teasing sea breezes, a spin on the roulette wheel, a whirl on the dance floor. Not forgetting the odd trip ashore to acquire just enough local colour to remind you that you have left your local high street far behind, in every sense.

But this picture of glamorous exclusivity belies the truth of the UK cruising industry: that it is the fastest growing part of the country's tourism sector. British cruisers have more than quadrupled in the last decade to more than 300,000 in 1995, and the figure is expected to rise to 700,000 by 2000. The dominant US market is also expected to show similar growth, from last year's figure of 4.6m to 8m by the turn of the millennium.

Cruising companies are thus hoping to perform a most delicate, and seemingly paradoxical, task: to sell a package of upper-crust style and gracious living to a thirsty mass market. Can they succeed?

The Oriana, P&O's luxury cruise liner which took to the seas last April, was conceived with precisely this purpose in mind. It is the first ship to be built specifically for the British cruise market. Commodore Ian Gibb explained what that meant: "There is a more intimate feel to the ship [than there would be in an American ship]. The first thing British cruisers do on board is head

straight for the library. They prefer smaller, less glitzy public rooms."

Joining the Oriana for an Indian Summer cruise in the Mediterranean, I was indeed struck by its reticent virtues; although tradition demands that every ship is a "she", the Oriana is more handsome than beautiful, the superbly designed public spaces more sombre and formal than shrill and frilly.

And, yes, the commodore had got it right: the library was well-stocked and proved extremely popular.

There was plenty of time to check it out. It took three

'I can't wait to hear how she creaks,' said one passenger gleefully on the first night

nights and two days to sail down to the first stop on the cruise, Malaga, during which I learned that regular cruisers loved talking to first-timers with the seasoned air of war veterans. "I can't wait to hear how she creaks," said one gleefully on the first night. "The first 24 hours can be pretty rosy."

He was referring to the Bay of Biscay, I discovered during a sleepless night. The pistachio pallor of the passengers the next morning suggested that I was not the only one affected. It seemed an odd way to start a dream holiday, queuing for pills and trying to focus on the horizon, or your feet, depending on which piece of homespun advice you took.

But the feeling did not last long. Day three, and the weather improved sufficiently to try out some cricket on the

top deck. The game was ingeniously devised, and stiffly competitive. Normal standards of respectable behaviour and a sense of perspective were put to one side: I punched the air when I beat the outside edge of a man three times my age. My side won by one run, and tea was consumed. I could not imagine the scene on any other country's cruise liner.

Malaga was a short stop, and not a particularly rewarding one. I had to admit that when on board, I could not wait to get on to land; now, drinking a beer in an uninspired tapas bar, I found myself thinking about the afternoon's cricket, and whether I should be bowling medium pace or leg breaks. Cruising, I reflected, had this effect: it established its own, slightly dislocated universe, and made the real world seem intrusive. I was not sorry to get back on board. Two more days sailing until we reached Greece.

It was now warm enough to devise a routine of spectacular slovenliness: breakfast (large); lounge on the balcony; lunch (quite large); siesta. Then cricket in the afternoon, followed by a swim, tea, maybe a gentle hour in the gym, steam room, dinner (very large), movie. There were options to keep going into the early hours – a night club called Harlequins ("vibrantly decorated in pinks and lemons," as the brochure described) but it seemed too energetic to contemplate.

Nauplia, a small port which is the base for exploring Mycenae, was our first Greek stop. It has a charming museum, a row of pretty tavernas and some intriguing shops; to my disbelief, many cruisers stayed for about an hour and returned to the ship to catch lunch.

I could not help but wonder why they bothered at all. I have spent large parts of my life slouching in Mediterranean seaside cafes watching cruise passengers come on shore for a few frantic hours and felt sorry for them. Now I was on the



The Oriana with its 850-strong crew: a picture of glamorous exclusivity

other side: it was my turn to rush back to catch the last launch back. It was virtually empty, however, most passengers having long since returned to our floating hotel.

In the evening, a party was arranged on deck. Despite our presence in Greek waters, the theme was a "Tropicana night", complete with Polynesian leis (garlands) and extracts from *South Pacific* performed, with some style, by the ship's theatre troupe by the poolside. It was surprisingly enjoyable. Soon, however, the music turned decidedly tacky: George Michael songs, the predictable "Sailing", and a rousing "Land of Hope and Glory", belted out with particular and peculiar pride by a group of Spaniards beside me. I put it down to the splendours of multi-culturalism, or the heady Hellenic air. Or the cocktails.

The next two days saw further Greek stops, in Piraeus and Katakolon, a base for exploring Olympia. This was cruising at its best: a whole day spent on shore, then a relaxing evening on board enjoying the Oriana's remarkable facilities – wonderfully equipped theatre and cinema, bars of every type, comfortable restaurants with a wide variety and plentiful supply of good food. It felt effortless, relaxing, graceful, just as popular myth has it.

Next stop Messina, the Sicilian port which was all but destroyed by an earthquake in 1908. It is a handy starting point from which to visit Taormina and Mount Etna, and was instantly rewarded with the kind of taxi-driver one encounters in those Italian movies that hover dan-

gerously close to unbelievable stereotype.

I asked him what it was like to live so near Etna. A knowing expression: "Un vulcano è come la pancia" – a volcano is like a stomach. I looked quizzical. "Quando uno fa una scorpaggia non lo dice mai prima" – no one warns you when you blow wind. I nodded sagely. No doubt the official tours were being richly regaled with geological intricacies, but I felt I had discovered a poet. I felt cheered that even in the most organised of holidays, one could escape for a few hours and swap unusual metaphors with the locals.

Returning to Messina as night fell, there was more poetry: the sight of the Oriana, looking for the first time like the enormous, elegant superliner she is, twinkling in the twilight. From certain angles,

as I peered round a corner to frame a Byzantine-Norman church in the foreground, the scene was pure Fellini.

As we set sail, little children waved and a chorus of shrill Cioes filled the air. Some cabin neighbours responded by waving Union Jacks left over from the music hall evening; another culture clash, but it did not seem to matter.

A long haul back now, and from the highlight of the cruise to its low point: Gibraltar. What was the point? There are a few mildly interesting historical anecdotes to be told, but after the Parthenon, Olympia, Etna, it felt like Luton High Street. My fellow passengers did not seem to mind, gorging themselves on the duty-free goods on offer. The horrible thought occurred that this might be the only reason for the stop. Here was a perfect,

and rather sorry, confluence between cruising and the demands of mass tourism. I retired to the ship in refuge. As we set sail for Southampton, for the first time, I did not bother to watch our departure from the balcony.

It left a slightly sour taste for the last couple of days on the seas, although the Oriana's charms made them pass quickly. The ship and its facilities could not be faulted, although Commodore Gibb admitted that the Oriana had not yet necessarily found a "character". An elusive term, unashamedly romantic, but I wondered whether it was anachronistic. Perhaps there has to be some price to pay for those swelling passenger numbers.

■ Peter Aspden travelled on the Oriana's Indian Summer Cruise as a guest of P&O.

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Sailing

Schooner that flies like a bird

Willy Newlands joins the Hemingway look-alikes for a cruise with a difference

The trouble with mucking about in boats is that there tends to be more magic than boat. There is a negative correlation between the beauty of the outside and the pleasures of the inside.

A cruise liner which is like a block of flats blown offshore from Benidorm is likely to be deliciously comfortable once you are aboard. A fabulous South Seas schooner, all billowing white sails and gleaming decks, is almost certainly a deceptive shell concealing a medieval hell-hole.

So it is a pleasure to report on a ship which blasts this theory out of the water. Star Flyer looks good, feels good, tastes good – and goes like a bird.

If you like the idea of sailing but not the reality, this is the boat for you. And if you are in love with the romance of sail – like a dozen of the passengers on a recent Mediterranean trip, who were grizzle-bearded Hemingway look-alikes with tears in their eyes – you will be bowled over by the world's largest sailing clipper.

The route was Cannes-Corsica-Italian coast and back to the Riviera. There were some unusual ports of call, such as the little Italian islets of Ponza and Giglio. The 180 passengers were enchanted by it all, but there was one nagging problem: the wind didn't blow.

Or when it did blow, it did so from the wrong direction. In a week of cruising, we were under sail power for only a couple of hours. For much of the rest of the time, the sails were up there on display – a very pretty baroque rig – but they were not doing much to help the gently chug-

ging engine. As one passenger put it: "The giveaway is that little plume of exhaust smoke coming out of the top of 'the fourth mast'. That means we're hoisting it."

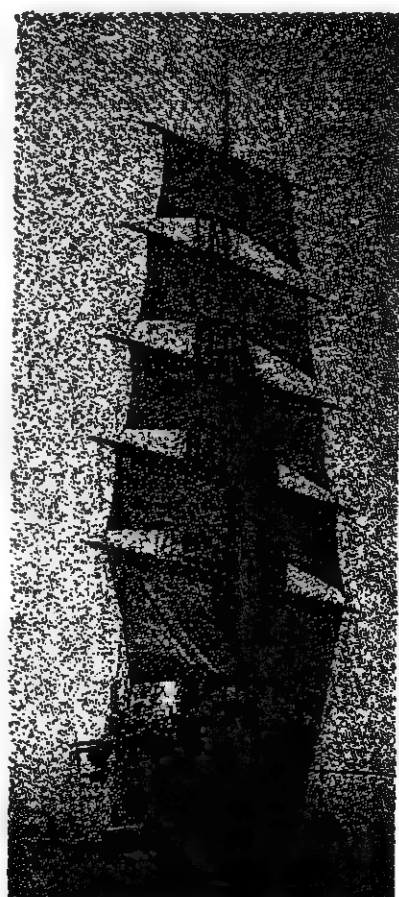
So we hoisted it around the wine-dark seas on our theme cruise. The theme is the ship itself, an object of such beauty that grown men could be found at any time of the day or night just gazing up at its curves and murmuring words like "upper top gallant" to themselves.

The statistics are memorable. Star Flyer and its identical twin, Star Clipper, have been sailing for three years, bringing back the great days of wind-powered shipping in the form of a soft adventure. They are the tallest clippers built, standing 226ft to the tip of the mainmast.

They are quick, too. Belgian Captain Roger Ghys, who was on board Star Flyer and who can claim to be the oldest square-rigger master afloat, said: "She can do over 17 knots. We've had her close to that between Corsica and Sardinia."

But the captain, Nick Hinrichsen, who like Ghys once took square-riggered training ships all over the world's oceans, said that although the Flyer was capable of that pace, it would be very uncomfortable for paying passengers. "We would rarely try to sail at anything above 10 knots," he said.

He was being cautious. Perhaps he remembered the tale of the captain of the America, which set a two-hour record of 14 knots in 1813. When the owner heard about it, he was furious, accused the master of thrashing his ship and fired him.



The Star Flyer: lack of wind meant a great deal of 'hoisting'

Our own cruise was more like something out of the *Ancient Mariner*, with Star Flyer becalmed "like a painted ship, upon a painted ocean".

So we waited for a puff of wind, ate well at morning, noon and night (with snacks in between) and read the books in the ship's library which tell of the exploits of the Cutty Sark and Thermopylae, Sea Witch and Ariel, bringing tea from China, wool from Australia, in the great ocean races of the last century.

Things are easier now. Hydraulic power turns the winches, and sailors no longer have to go up the rigging to the

yardarms to tuck away the sails. Now the bulging acres of canvas (36,000 sq ft of Dacron, actually) silently roll up like window blinds into the interior of the yards. The drama has gone, but so has the risk.

The power is needed because the Star clippers are bigger than the fabulous tea-racers. They measure 380ft overall. By comparison, Sea Witch, which set the record time of 74 days from China to New York, was only 195ft long.

The term "clipper" is hard to define. As historian Carl B. Cutler wrote, it was more about lines than plans: "Clean, long and smooth as a smelt. Sharp arching head. Thin, hollow body, convex sides, light, round and graceful stern." The Belgian-built Star ship fits the description. And their fans moon over them as if they were supermodels.

The cruise was secondary. The ship was all. And it behaved well, in weather that was just too kind and too calm. Captain Hinrichsen suggested: "I should come aboard again, preferably in the Caribbean, where the trade winds could be guaranteed. Or maybe in the Far East."

Star Clipper is continuing to rove the West Indies, but Star Flyer is going out to the East Indies this year, operating out of Singapore and also going north to Phuket. Everyone talked about the winds, no one mentioned the ports. On this kind of voyage, they don't matter very much.

How does Star Flyer rate as a cruise? The ship scores 10 out of 10, the deck crew very highly. The cabins and the food are up to the luxury standard of other small cruise liners. Entertainment is roll-your-own and rather limited: excursions hit-and-miss affairs.

Robert Louis Stevenson would be proud of it. Star Flyer is all about travelling. The arriving really didn't matter: very much at all.

■ The author booked his Star Flyer voyage via agents Fred Olsen Travel (01473-232 222). Prices start at £1,360 for a week, including flights. Drive down to Cannes and prices are as low as £950 a person for a week in the Mediterranean. Sectors of transatlantic voyages are offered. All cruises bookable via ABTA travel agents.

مكتبة النور

TRAVEL

Galapagos Islands

Romance in isolation

The Galapagos, or Enchanted Islands, 600 miles off the coast of Ecuador in the Pacific, are no longer isolated. Twenty-five years ago, only a handful of enterprising tourists cruised around these islands, one of nature's wonders and a living laboratory of evolution.

Today, the pretty bay of Puerto Ayora is filled with cruise ships. More than 50,000 tourists now disembark every year at the military air field on the small, desolate island of Baltra.

This tourism boom has been a financial bonanza for the archipelago and Ecuador. For conservationists and scientists, it has become a source of growing concern despite strict controls on where they can go. But for all the problems development is bringing to the Galapagos, the islands made famous by Charles Darwin's voyage on the Beagle remain one of the most romantic and exciting cruising destinations.

That is, if you pick the right boat. The Beagle III, originally a research vessel built in England in 1969 for the Charles Darwin Research Station, was waiting for our small party in the cove just below Baltra airport. At the stern, a big bunch of green bananas was hanging. Under the wooden seats around the deck were avocados, melons, potatoes and carrots for the 10-day journey round the islands. Augusto and Georgina Cruz had already prepared lunch.

The couple bought the boat 12 years ago. Georgina, an upper class Englishwoman, met Augusto, a native Galapagueño, when she visited the archipelago. She decided to stay and set up business. They make a good mix. Georgina bubbles with the enthusiasm of a hostess of a quintessentially English country house; the more taciturn Augusto knows the islands like the back of his hand and is happiest fishing, watching blue-footed boobies and sea lions, and playing cards with his crew late at night.

The biggest advantage of a small boat like the Beagle III, however, is that it sails in all those hidden places which the

bigger cruisers cannot reach.

The archipelago consists of five bigger islands, 10 smaller ones and hundreds of islets and rocks spread over an area of 16,000 sq miles straddling the equator. It is a place of strange volcanic formations often covered in mist full of weird and wonderful beasts: giant tortoises, land and marine iguanas, red and blue-footed boobies, frigate birds, albatrosses and flightless cormorants.

Rodrigo, our nature guide (environmental regulations require all cruise vessels in the Galapagos to have a guide on board), suddenly popped out of the water and pointed. "Hammerhead sharks," he said. We were snorkelling around Genovesa, a half-moon shaped island and one of the most distant in the archipelago. "They never attacked a human," Rodrigo added. I did not chance my luck and scrambled back on board.

The diving is probably the most spectacular feature of a trip to the Galapagos. Off Fernandina Island, I swam with playful sea lions spinning and diving around me. Later, in a cove surrounded by mangrove, giant turtles glided past in the underwater silence.

Augusto took me fishing one morning at Derek Cove. We anchored in the middle of a wide bay surrounded by the lunar landscape of the volcanoes of Isabella, the largest island. We just had to drop the fishing lines over the side to catch big groupers which the cook prepared for dinner that night.

On Isabella, Rodrigo took us up to the highlands and the Sierra Negra volcano. On the peak, the mist was tumbling over the crater, the second largest in the world. Like a giant waterfall. There was only the sound of the wind and bees hovering in the brush. For a moment, I felt on top of a strange new world, completely isolated.

On cruises on the Beagle III can be booked through Worldwide Journeys & Expeditions, 2 Convent Road, London W14 9EP. Tel: 0171-881 8636; fax: 0171-881 8636.

Paul Betts



The QE2 against the New York skyline: 'You don't remain the oldest without being very good'

Ocean liner

Mixed fortunes of the QE2

No, no, insisted Peter Ward, the QE2, and Cunard for that matter, are not for sale. "I wouldn't have sold my home in Cheshire and moved my family to New York where Cunard's headquarters are now based to move back to England six months later," added the venerable but troubled shipping company's new chief executive.

We were having coffee in the Stafford Hotel in London's St James's, one of the hotel properties which Trafalgar House, Cunard's parent company, has just sold along with the Ritz and Dukes. Trafalgar House is now in the process of selling its Ideal Homes house-building subsidiary and there have been rumours about the possible disposal of Cunard.

At a time when the cruise busi-

ness is booming, Cunard lost £16.4m last year, and if exceptional charges are included the red ink swelled to £134.3m. Trafalgar House has not hidden its frustration. "Despite investing £200m in the fleet during the last two years, Cunard has underperformed its competitors, a severe disappointment when few in the industry have a brand name as strong," the company said in announcing the losses.

Ward, 49, who was appointed chief executive of Cunard last June, has taken over what is undoubtedly the toughest job in the cruise industry. He comes with no preconceived ideas and virtually no experience of cruising, but he knows all about turning around legendary names that have fallen on hard times.

Ward is a motor industry man who landed in the 1980s into the Rolls-Royce pool. The company was

suffering badly from old-style management and did not know what had happened when the recession hit. Ward rapidly rose from sales and marketing to managing director, and later chairman. He took the company apart in a pragmatic way and put it back on its feet. He left because he did not agree with the company's choice of German partner. He favoured Mercedes but the company opted for BMW.

He is now applying similar techniques at Cunard. "This is a very traditional business. We are a 150-year-old company. But you don't remain the oldest without being very good," he said. "In the past restructuring had been very slow and we have had to introduce new business processes." These included a better and more streamlined organisational structure, cost savings and stronger marketing.

The task has been all the more difficult because of the QE2's image problem after its ill-fated Christmas cruise in 1994 before a £30m refit was completed. Passengers experienced blocked lavatories, incomplete cabins and corridors blocked with construction equipment.

With the relaunch of transatlantic services - the QE2 will make 24 crossings this year - the flagship of the fleet is expected to return to profit. "Volumes are picking up and our latest Caribbean Christmas cruise was fully sold," he said.

Both the strength and weakness of the QE2 is that it is unique: it is not a cruiser but the last of the

great ocean-going liners. To adapt it more to the cruise market, all crossings have been themed around a subject or activity ranging from golf, to motoring and music. Ward is also firmly committed to maintaining the QE2 and the other ships in his fleet at the luxury end of the cruise market.

He believes the large amount of new tonnage coming on to the market will stimulate expansion in the luxury end "where we have 87 per cent of available bunkers".

Already one of Cunard's eight ships is experiencing the new boom. The Sagaford will be taken out of regular service after September because it is not generating sufficient returns. The company is reviewing all options for the ship, including... possible sale.

Paul Betts

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TRAVEL

Grenadines

A snooze in the royals' playground

Boats were riding at anchor in the moonlight in Admiralty Bay on Bequia, one of the West Indian Grenadine Islands. One stood out from all the rest. Lights ablaze along its 112ft length and to the top of its 120ft mast, the Mayreau looked magnificent.

So it should - built in 1994 at a cost of \$6m (£3.8m) to the design of Laurent Giles, the English naval architect, in the Valdetrano shipyard in Italy, it must be one of the finest yachts to grace the Caribbean.

The first evening on board, I wanted to hear the sound of the waves so switched off the air-conditioning and opened the port-hole window. There is no finer lullaby than the gentle lapping of water against the hull of a boat.

I was awake even before the cockerels on shore. I went on deck as the dawn came. There were many yachts in the Grenville from Colchester, Sandown, lands from Texas, one flying the *tricolore*, another the Danish flag.

Bequia is often the first landfall of yachts crossing the Atlantic and the flags that fly in the bay match the diversity of the languages in the friendly bars of Port Elizabeth.

My first Caribbean bird was a Brown Booby, the size and shape of a gannet. I watched it quarter the sheltered water of the bay but without success. It tried to land in the rigging of the catamaran with the French flag - its webbed feet gripped, but the angle was wrong and it slipped down the rope, like a trapeze artist descending from his high wire. The Spanish named them "bobo", meaning dunc.

From Bequia, Captain John Martin set sail for Mustique - the island made famous by Lord Glenconner, the eccentric Englishman, in the days when he was plain Colin Tennant.

An island tour consisted of driving past the entrances of houses owned by the rich and/or famous. There were properties owned by Venezuelans, Swiss, Texans, Britons (Jagger and Princess Margaret; Bowie has sold up and gone elsewhere), Canadians and Germans.

Some of the residents carry their homes about with them. Tortoises are believed to have arrived on the islands from South America on natural rafts. They amble all over the island.

Basil's Bar is legendary. The only watering hole on the island is built out over the water; one palm tree grows through the roof.

For serious drinkers try the "Hurricane David". As described on the bar's cocktail menu it consists of: "1/2 oz white rum, 1/2 oz red rum, 1/2 oz vodka, squeeze of lime juice, two teaspoons of sugar, dash of crème de cacao - shake with crushed (sic) ice and serve in cocktail glass." For 14 East Caribbean dollars (about £3.50), you get plenty of bang for your bucks.

From a royal playground to what reminded me of my first visit to a dentist as a small boy. The tank in his surgery was the first time I had seen tropical fish in all their wondrous shapes and stunning colours. As lunch was prepared by the admirable Aubrey, the onboard chef, we went overboard in Tobago Cays. Snorkelling really is entering another world.

Later, relaxed, after the best lobster I had ever eaten, served by Hudson, the steward, and with the help of a book from the yacht's reference library, I spent a pleasant afternoon identifying species that I had seen earlier.

The names were as fascinating as the fish - saddlefin, angel fish, smallmouth grunts, banded butterfly fish and spotted drumfish. I slipped into a snooze smiling. The book described the spotted drumfish as "a secretive reef fish, much sought by aquarists" and I had seen it in its own backyard.

Hazen K. Richardson II's home is an island - Petit St Vincent, known to those in the know as PSV. Uninhabited before Richardson's arrival about 30 years ago, he now shares his kingdom with up to 22 couples at any one time.

You can really get away from it all here - no telephones, no televisions, no air-conditioning, no organised nightlife. The only concession to the outside world is a small



The crew of the yacht Mayreau check out the lobster

Christopher McCoony

radio tuned to the BBC World Service. But extraordinary attention is paid to creature comforts. There are 22 cottages spread over the 113 acre island - each has a footpath on the patio for guests to wash the white coral sand off their feet when they return from the beach.

The Mayreau's last port of call was Union Island, as laid back as the others. There was little time to explore as the small aircraft was waiting to fly us back to Barbados.

The airport formalities were relaxed. The immigration officer hoped we had enjoyed our island-hopping. Reluctantly, we walked out on to the tarmac. A notice was hardly in

keeping with the peaceful idyllic interlude that had been the last four days: "Cows on the runway will be shot."

The government of St Vincent and the Grenadines owns and operates the Mayreau and its sister yacht, *Balicauc*. There are six two-berth cabins on board. You can either go on a regular island-hopping cruise or else set your own itinerary.

To hire the yacht on a daily basis costs \$6,600 a day (winter) and \$3,800 (summer). In the UK, *Elegant Resorts* (tel: 01244-597 999; fax: 01244-697 990) The Old Palace, Chester CH1 1RB handles bookings for the yacht and PSV.

A few minutes walk from the

quayside is Creek Street, originally the red light district in gold rush days but now a collection of attractive wooden boardwalks lined with clapboard homes, art galleries and craft shops. Just outside the town, which survives on tourism, logging and salmon canning, is the biggest collection of totem poles in the region.

On to Juneau, the tiny capital of a very big state - Alaska is twice the size of Texas, has 30 lakes, 13 big river systems, half the world's glaciers and the highest mountain in north America. But few people - and it shows in Juneau.

A spectacular excursion from the capital is by float plane over the Taku glacier, landing on a river under Taku Lodge.

The town lives on memories of gamblers, gunfighters, whores and barkeepers

Alaska

Preserving the last frontier

Suddenly the cry went up: "Gold!" We were at the El Dorado mine near Fairbanks, just south of the Arctic Circle, learning to pan for gold just as 100,000 Klondike prospectors had done a century before.

We were nearing the end of a fortnight's visit to Alaska combining a cruise on the Regal Princess with a week in the interior. Alaska gives cruise companies their best opportunity to sell an accompanying land package because of the variety and contrast it provides in exploring the Last Frontier.

One of our group, Mike, had washed away all the gravel and dirt, leaving specks of the heavy precious metal to sink to the bottom of the pan. Among them was a fair sized nugget weighing 50 grammes and worth more than \$100 (£65). The atmosphere was electric, and it was easy to see what drove the prospectors to risk everything.

The lure of gold is a powerful force and, although its dominant role in the Alaskan economy has long been overtaken by oil, fishing and forestry, it remains a key element in the state's growing tourism industry.

The greatest initial attraction of an Alaskan holiday must be the voyage from Vancouver up the Inside Passage - a narrow sea highway between the mainland coast of British Columbia and the Alaskan panhandle, and the green offshore islands of the north Pacific. It is one of the world's great cruise journeys, with majestic scenery and a history all its own following the trails of the '80s on their hazardous way to the goldfields of the Yukon and the Klondike.

Our first port of call was Ketchikan, an island town just inside Alaskan waters with what is coyly described as a "moderately cool and wet" climate. In fact, the annual rainfall averages 13ft. "We don't bother to measure in inches here," said our guide.

A few minutes walk from the

quayside is Creek Street, originally the red light district in gold rush days but now a collection of attractive wooden boardwalks lined with clapboard homes, art galleries and craft shops. Just outside the town, which survives on tourism, logging and salmon canning, is the biggest collection of totem poles in the region.

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The town lives on memories of gamblers, gunfighters, whores and barkeepers

Here you eat as much salmon bake as you want before walking it off to a waterfall, an eagle's nest, or looking for the half-tame local grizzlies.

Last of the ports of call in the Inside Passage was Skagway, in many ways the most interesting but also the most touristy. It is the most northerly port on the Lynn Canal - a treacherous passage named after King's Lynn by the English navigator George Vancouver - and, in 1898, the arrival of 20,000 prospectors made it the largest and most lawless town in Alaska.

Today its population is 700 and it lives on its memories of gamblers, gunfighters, whores and barkeepers. It was once described by a Canadian Mountie as "the next best thing to hell on earth". Today, it is an attractively restored gold rush town.

Nine out of 10 of the prospectors who tried to make it to the

Klondike goldfields started from Skagway. They then had the choice of the White Pass or the shorter but more hazardous Chilkoot Trail. A vintage train now takes tourists up the 20 miles of the White Pass, past Dead Horse Gulch, named after the 3,000 pack horses who died in the stampede of '98.

Skagway's most notorious resident was the slippery bartender "Soapy" Smith, a gunman and gunfighter who preyed on the prospectors and suffered the destined fate of all western badmen - he was shot to death in a gunfight with Frank H. Reid, the city surveyor.

The last two days of cruising were through Glacier Bay and past the 16 ice rivers of College Bay. Glacier Bay would be a highlight of any trip anywhere. The brilliance of the blue and white marbled glaciers dazzled even though the sun hid behind the mist and low clouds shrouded the coastal mountains.

We disembarked, almost reluctantly after such sights, at Seward, one of the ports serving Anchorage, Alaska's biggest city. It was a beautifully clear day. On a four-hour boat trip around Resurrection Bay, nature seemed to be working hand in glove with the cruise company's programme.

A pod of Orca killer whales appeared 30 yards away, skimming and plunging, then there were sightings of a hump-back whale, tall high in the air, a family of noisy Stellar sea lions basking on rocks, bald eagles raiding the nests of kittiwakes.

Alaska had lived up to its promises of grandeur and wildness. But there is a dilemma. With fish stocks depleted and oil a declining asset, the state has to build on its tourism potential. It will need to do so with great sensitivity if it is to preserve its title of the Last Frontier.

The author was the guest of Princess Cruises, 77 New Oxford Street, London WC1A 1PP. Tel: 0171-800 2468.

Richard Evans

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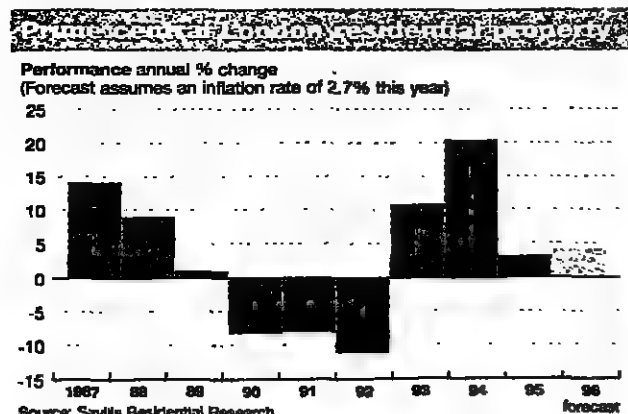
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مکان الیوم

PROPERTY

House for sale: only millionaires need apply

Gerald Cadogan looks and wonders at the market for prime London homes, which is still climbing



The rich are not like the rest of us. Nor is their house market the same. While the general UK market is in the doldrums, prices of top-class housing in London continue to climb.

Charles Ellingworth, of buying agent Property Vision, finds it a mercurial market, particularly above £3m-£4m where there is often a clash of egos between a super-rich vendor and a super-rich buyer. Says Ellingworth: "It is probably the most difficult market we work in. We always have to apply massage."

The £1m-£2m range, by contrast, which includes large terraced houses in Kensington and Holland Park, is familiar country, popular with the City banker needing space and easy access to the M3, M4 or M40 at the weekend.

The market in prime London property has not looked back since autumn 1992. Figures from Savills Residential Research show that a rise of 10.9 per cent in 1993 virtually reversed the fall of 11.2 per cent in 1992.

In 1994 prices gained 20.5 per cent. The rate of increase decelerated to 3.3 per cent in 1995 but house prices are now 12 per cent above their June 1989 peak in nominal terms, and almost 40 per cent above the market bottom at the end of 1992.

Spring and summer last year were static but in the autumn,

with shares climbing in London and New York, activity and confidence picked up in the prime housing market.

Lorna Vestey, of agents Knight Frank, reports a 33 per cent increase in 1995 over 1994 in all sales (not just those handled by her own company) above £1m in central London and a similar increase in sales at £2m plus.

Yolande Barnes, of agents Savills, said the best increases were in Holland Park, Kensington and Notting Hill and ranged from 5 per cent to 9.2 per cent.

There are still plenty of buyers. When John D. Wood's Chelsea office ran a computer check on likely buyers for a house coming to the market at £1.6m, the list of people to receive a brochure totalled 78.

Barnes now expects prices in 1996 to rise by around 1.5 per cent in real terms which, added to an assumed inflation of 2.7 per cent, makes 4.2 per cent. The continued growth of the economy - especially in the City - will benefit London until, sooner or later, the general election dampens activity.

In the meantime, buyers are raring to go. If they are British, they are often successful businessmen or financiers. Their first notion - probably on spouses' orders - is to invest recently obtained salaries, bonuses or gains from stock options on a good house. These people represent a lot of buying power. "I was bidding for



No 18 Cheyne Walk, Chelsea: £1.25m from John D. Wood

an American the other day," Ellingworth remarked. "when a Brit gazed upon me."

But they are choosy, as one would expect from people who can afford to realise their dream without compromise. Some wait several years to find the right place.

Individual foreign buyers like London. They see it as good value and stable - and, often, a base for educating their children. The stilling of doubts about London's pre-eminence as Europe's financial centre has had an immediate impact on the prime housing market in London. As German banks show their confidence in London and buy into its financial institutions so they must buy homes fit for their executives.

KF's sales to Continental buyers rose from 8 per cent of total London sales in 1994 to 19 per cent in 1995.

The sellers are the difficulty, according to agents. "The top market is full of uncommitted sellers and very few houses are for sale at sensible prices," says Ellingworth.

Buyers are prepared to pay a premium for a trophy property, but vendors often try to take that a stage further by setting unrealistic prices.

A prestigious classic address in Belgravia is always a pull, as Aylesford (0171-351 2383) and KF (0171-824 8171) find in selling the huge refurbished flats in Chesham Place at £2.8m for a four-bedroom flat in No 33 on a 999-year lease. The redevelopment offers full portage and security.

A penthouse maisonette in Eaton Square is for sale at £1.45m through KF or Lassmans (0171-499 3434) but there is a hefty service charge (£16,000 last year). Across the



South Kensington's gem is Alexander House built in the Regency style and costing £2.25m for a 55-year lease

square, at No 12, is a whole house, beautifully restored, with a price of £4.95m (down from £6m) for 55 years - and a ground rent of £9,000 - through De Groot Collis (0171-235 8990) or Knight Frank.

Near the Thames in Chelsea are two grand houses. They are offices ready for conversion into private homes. In the early 1900s CFA Voysey, the architect, remodelled the interior of the 1870s red brick Garden Corner (13 Chelsea Embankment) for E.J. Horniman, of the tea family. It costs £2.45m from KF or Russell Simpson (0171-225 0277). Restoration costs are extra, as they are for No 17 Old Swan House, designed by architect Norman Shaw last century. Offers of £3.5m are sought from Aylesford or Lassmans.

Whole houses at the firm

mark are hard to find in Chelsea. But £1.575m obtains 15 St Leonard's Terrace and £1.25m 18 Cheyne Walk from John D. Wood (0171-332 1484). Offers of more than £2.5m for 63 Chelsea Square with seven bedrooms and five bathrooms, through Chestertons Residential (0171-588 5211).

The gem in Chelsea is 100 Cheyne Walk. This ancient piece of London is a late 17th century house on the site of Sir Thomas More's Chelsea farmhouse, with many alterations. The present decor is by the owner, the designer John Stefanidis. Sir Edwin Lutyens planned the garden. The price for an 80-year lease, with the National Trust as freeholder, is £6.5m from Aylesford or Chestertons (0171-581 5234).

South Kensington's gem is Alexander House (1835), in the Regency style with a solid pedimental facade with Doric columns, and the focal point of a cul-de-sac off Brompton Road. Inside, it is rich in French panelling and marble fireplaces and is unusual in having a transverse main stairs (as the house is virtually one room deep), whereas the norm in London is to have the stairs on the same axis as the front door. This charming villa costs £2.25m for a 55-year lease from Chesterfield (0171-581 1477) or De Groot Collis.

No 5 Essex Villas, a typical town house on the Phillimore estate in Kensington, costs £1.875m for a 68-year lease, with a good chance of obtaining the freehold, through John D. Wood (0171-727 0705). In Holland Park the same firm is selling 2 Holland Villas Road, with a swimming pool and sauna for £4.25m. It is on the quieter side of the street than No 33, which

Hamptons (0171-837 9872) offers for £3.35m.

In Mayfair the price of 14 South Street has just been cut by £1m, to £2.5m for a 60-year lease. The former residence of the Japanese ambassador, it was about the last urban palace to be built in the 1920s on the Grosvenor Mayfair estate. It needs redecorating but is an ideal base for entertaining. The agent is Wetherell (0171-499 8936).

In Hampstead there is a choice between Inlaks on The Bishops Avenue, another palace with pool, conservatory and masses of marble for £3.75m from KF's Hampstead office (0171-431 8868), or the Georgian 4 Upper Terrace near the Heath, £2m from Hamptons (0171-794 8232). The Mansion House, on West Heath Road, Hampstead, recently went for near the £3.95m asking price.

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BOOKS

Eye-witness to history

A.C. Grayling on a quintessential Renaissance man

Biography is a species of history, and history, in Cicero's definition, is "the witness of time, the life of memory, the mistress of life, and the messenger of antiquity." A biography of an historian, especially one who lived in epochal times and devoted himself to writing their history, is therefore doubly these things. Price Zimmerman gives us just such a biography, richly and elegantly portraying the life and work of the Italian historian Paolo Giovio (1486-1552), who wrote the controversially famous *Historiae of His Own Times* and brilliantly depicts many aspects of Renaissance life in his letters.

Giovio was a witness of the devastating wars that swept Italy at the end of the 15th and beginning of the 16th centuries, ending the independence of the five states - Venice, Milan, Florence, Naples and the Papal States - in which the most exquisite flowerings of the Renaissance took place. His career as a churchman-courtier placed him in royal and papal circles, so he was able to make excellent use of his novel style of historical reporting, based on gathering eye-witness reports among everyone from kings to common soldiers.

For several centuries Giovio's *His-*

tories were taken as standard, running through many editions and appearing in all the major European languages. But then the voices of his detractors began to drown those of his admirers. He was charged with distorting the facts in order to paint in a better light those who had patronised him. To charges of venality were added others of poor scholarship. Jean Bodin wrote that his eye-witness methods were less reliable than the archival methods of his famous contemporary Luigi Guicciardini. Not until Jacob Burckhardt made prime use of Giovio's work in his masterpiece, *The Civilization of The Renaissance*, robustly defending both the historian and his ideals - "his cult of fame and the individual, his classicism, his love of magnificence, his connoisseurship of the arts, and his fascination with remote places and peoples" - did his reputation begin to revive. One of Zimmerman's chief objectives is to give a full defence of Giovio's merits.

The tragic epoch to which Giovio

stands witness, alongside his celebrated contemporaries Guicciardini and Niccolò Machiavelli, was the fall of the ripe fruit of Italy into foreign hands. In their plenitude and creative ecstasy the 15th-century Italian states quarrelled with one another, forming alliances and then reforming them to keep an uneasy

destabilisation of Italy had begun.

Both France and Spain were hungrily watching Italy's turmoil. They had dynastic claims - princesses married to Italian ducal families generations before - and began to assert their now that Italy was internally distracted. Vital moments came when the Visconti invited Charles XII of France to help them regain Milan; when Savonarola led an uprising in Florence, driving out the Medici; and when Pope Alexander VI, through the generalship of his son Cesare Borgia, moved to expand the power of the Papal States.

Charles XII - once memorably described as a man "small in mind and body" - had grand ambitions: he dreamed of liberating Italy from the corrupt Papacy and launching another crusade to the Holy Land - and therefore crowned himself King of Jerusalem before leaving Paris. He needed no second invitation from the Visconti.

The accumulating result of his invasion and Italy's internal decay

PAOLO GIOVIO
by C. Price Zimmerman
Princeton University Press £30, 391 pages

balance of power, beginning with a republican alliance between Florence and Venice against Naples and Milan. This arrangement seemed to deepen when Francesco Sforza overthrew the Visconti in Milan and immediately began border skirmishes with Venice. But Cosimo Medici in Florence grew anxious when he saw Venice's power in response, and promptly allied himself to the usurping Sforzas to maintain the balance. This drove the Serenissima into Naples' arms, and the

was four long decades of strife, in the midst of which Rome was devastatingly sacked. The final gainers were the Spanish Habsburgs, into whose clutches the greater part of Italy fell. Italians had to wait for Mazzini, Garibaldi and the 19th century Risorgimento to regain independence.

Machiavelli observed Cesare Borgia at work in and around 1500, and wrote *The Prince*. Giovio witnessed the whole tumult of the wars from their beginning in 1494 until their effective end with the Treaty of Barcelona in 1559, and wrote their history. He quizzed kings, courtiers, cardinals, foot-soldiers, scholars, priests, and anyone else he could put to the question, and wove his narrative from what they told him. In the midst of his own roller-coaster career as churchman and politician he wrote his many letters, engaged richly in the intellectual life of his times, and built at his home on Lake Como a famous portrait museum. Like other more familiar figures of his times, he was a quintessentially Renaissance man.

Zimmerman's account of Giovio is splendid. It applies profound scholarship in gracefully readable style to a man and a time of extraordinary interest, the combination making for an irresistible read.

Off-the-wall movie-maker

Here is what overnight success feels like in Tinseltown: "Saturday June 20, 1992. It's my birthday! I'm 24-years-old. My wife and I had free tickets waiting for us at Universal Studios. It's weird, last year I had no money and couldn't buy a thing. Now I've finally got some money but now everything's free."

For the man who conquered Hollywood with a \$7,000 do-it-yourself feature film, triumph finally makes itself felt half way through his memoir. It is a short wait for the reader, who is unlikely ever to have read a more revealing, funny, captivating account of off-the-wall movie ambition leading to off-the-chart movie celebrity.

In 1988 Robert Rodriguez, a Texas university student, borrowed a 16-millimetre camera, bought a reel of film and some 250-watt lightbulbs and went to Mexico to make a Spanish-speaking western. No crew, no producer/writer/cameraman except himself, no paid cast, just friends and bystanders. And no ambitions for the finished film except to make a quick, minor killing in the Latin video market.

Less than a year later *El Mariachi*, after failing to secure even a bottom-of-the-barrel video deal, was being passed from studio to studio in Hollywood while moguls went berserk with competitive bids. A little after that, the film was released around the world by Columbia, winning prizes, cult audiences and a career for its director whose first professional film *Desperado* opened in Britain this week.

There are two rules in Hollywood. One: It is impossible to make a feature film for \$7,000. "You mean \$700,000?" everyone asked Rodriguez. Two: you cannot break into big-time feature direction without climbing such approved career rungs as cameraman, screenwriter or assistant director, or without at least beginning as a film-school graduate or producer's nephew.

Rodriguez threw both rules into the bin. I first saw *El Mariachi* at the Berlin Film Festival, where disbelief among my Euro-colleagues riled Rodriguez. He had made a fast, funny, stylish pastiche Western, a sort of Sergio Leone "Lite". And he had made it like a home movie. After shooting he transferred the reels straight to video where he edited and sound-dubbed them; so he saved money by not making a film print at all. Hollywood did that for him later.

Written in diary form, *Rebel Without A Crew* is two human comedies in one. In the first 70

pages we follow the hero's travails in funding and making the film, including his four weeks as a "lab rat" earning \$3,000 for participation in a drugs trial. Not surprisingly, Hollywood went gaga over this story too, when Rodriguez recounted it. It became Project 3 in the list of movie ideas he was asked to develop.

The rest of the book chronicles the author's dazed progress through wonderland. It's a little long for its material, but repetition highlights Rodriguez' stupefaction as one Lewis Carroll happening succeeds another. Studio chiefs who offered a scenario "Who's Robert Rodriguez?" in the morning were baying at his hotel, nay, paying for his hotel, by the evening. Giant cheques were pledged to the director, even though they took weeks to come through. (At one point the lionised youngster could not afford to buy a lettuce at his local supermarket.) And Rodriguez found a ready ear

REBEL WITHOUT A CREW

by Robert Rodriguez
Faber £11.99, 262 pages

for his troubles in a young movie tyro, also stepping into the minefield of fame, called Quentin Tarantino.

Since the book is written in a style of sustained astonishment, even the passages with a shaggy effect take a winning innocence. Disney's idea of remaking *El Mariachi* in English are especially crass and cherishable. Could the hero be an electric guitar player in Texas? Could he end up on an Indian reservation being nursed back to health (*la Danes With Wolves*)? Could he have a wise old martial arts trainer (*la Karate Kid*)?

"I almost dove out the window," is Rodriguez' only comment. But when Hollywood is after you, there is no escape even in that. Another studio is probably under the window holding a blanket.

This is a priceless movie manual. It shows that, for all the wisdoms trotted out by career sages in the film business, nothing forms a filmmaker better than making a film on his own. For he is not really on his own at all. He is out there with friends, helpers, passers-by and his own super-charged optimism. After that, when the world storms his doorstep and cheques are waved to buy compromises, studios lay siege to him with limos and lip service - that is when he is on his own.

Nigel Andrews

Sex, royalty and extortion

Emile Zola's attack on the French military over the wrongful incarceration of Alfred Dreyfus must stand as one of the bravest and most passionate examples of campaigning journalism. The article, in which successive paragraphs began with the phrase "Accuse", earned its author a year-long jail sentence, which he evaded by fleeing to Britain.

It finds a place in *The Book of Modern Scandal*, placed alongside tawdry revelations of bitter and avaricious lovers and transcripts of private telephone conversations recorded by eavesdroppers.

Scandal has few boundaries and Bruce Palling has explored in many directions. However, though many of the articles and original texts concern aspects of the public interest, prurient interests win out. The earliest texts set the tone with the key ingredients that tabloid newspaper editors still drool over: royalty and sex. Queen Caroline, George IV's wife, did not indulge in the current royal practice of admitting her liaisons to the world at large, but testimony from the failed prosecution of her for adultery sheds a vivid light on the subterfuge needed for such assignments.

The memoirs of Harriette Wilson, whose revelations in the 1820s kicked off with the words, "I shall not say why and how I became, at the age of 15, the mistress of the Earl of Craven" and whose response of "publish and be damned" from the Duke of Wellington, set an unbeatable standard in kiss-and-tell.

There is even a 19th-century case of outing, albeit heterosexual, with Victoria Clafin Woodhull, a radical who advocated free love, defending her exposure of the Reverend Henry Beecher for adultery. "I am prone to denounce him as a

poitroon, a coward and a sneak; not, as I tell you for anything he has done but for failing to stand shoulder to shoulder with me and others who are endeavouring to hasten a social regeneration in which he believes."

There are fewer accounts of scandal in public life, though the early ones are riveting. The appeal of extracts such as that from John Wade's "Unreformed Abuses in Church and State" in 1849, which detailed profligacy and abuse of funds by certain ambassadors, lies as much in the quality of writing as the content.

THE BOOK OF MODERN SCANDAL
edited by Bruce Palling
Weidenfeld & Nicolson £20, 448 pages

Will Irwin's account of the interperate rowdy scene at the First World War in 1909, where corrupt Chicago politicians raised their funds, is perhaps the best of all. "As she stands on the table with outstretched arms, shouting loud obscenities to the crowd which collects to watch her, she bears a fearful resemblance to one of those furies of the French Revolution. Before her box lies a little flashily dressed man, dead drunk, grovelling in the leers of the floor."

Few of the more recent articles are as absorbing. Familiarity of content is just one problem. Palling draws heavily on newspaper journalism and although original investigation, verbatim testimony and good obituaries are remarkably good, stories pegged on unfolding events in long running sagas add little to the facts. This may not matter much to most readers of this book, who, one suspects, will be after racier stuff.

David Nissan

Freud meets Cosmopolitan

A hybrid genre of work has taken the place of the fortune-teller, writes Jackie Wullschlager

Only the unhappy consult fortune-tellers - happy people, who want to hear "no change" do not need them. By the same token, the Mr Fixit genre of popular psychology capitalises on discontent: why buy a book called *Women Who Love Too Much*, for example, if your love is reciprocated? These books are the modern equivalents of the old crone at the village fair, and like her, they must become more sophisticated and inventive if they are to retain an audience. Thus a new hybrid has recently emerged: the self-help book dovetailed with serious psycho-analytical comment and data - a sort of mix of Freud and Cosmopolitan.

Why Do Women Write More Letters Than Men? is published on St. Valentine's Day

WHY DO WOMEN WRITE MORE LETTERS THAN THEY POST?

by Darian Leader

Faber £9.99, 159 pages

IMAGINING CHARACTERS

by A.S. Byatt and Ignes Sodre

Chatto £16.99, 268 pages

and uses smart Lacanian theories about absence, presence and the mystification of language to console anyone whose mailbox Cupid forgets. Take Audrey Hepburn in *Love in the Afternoon*, say, or Kim Novak in *Vertigo* - both write, but do not send, love letters. Why? "Both women, aware that writing is the place of the letters they did not send. Which raises the question, if not posting a letter can be a sign of love, is receiving one the sign that love is undesired?"

Such questions, proposes psychoanalyst Darian Leader, go to the heart of sexual desire, which is never addressed to our flesh-and-blood companion but always to something beyond: women especially need an absent or fantasy-lover as much as a real one. The case-studies set out to prove this are eclectic, hilarious and, like much in psychoanalysis, seem at once breathtakingly obvious and ludicrously far-fetched.

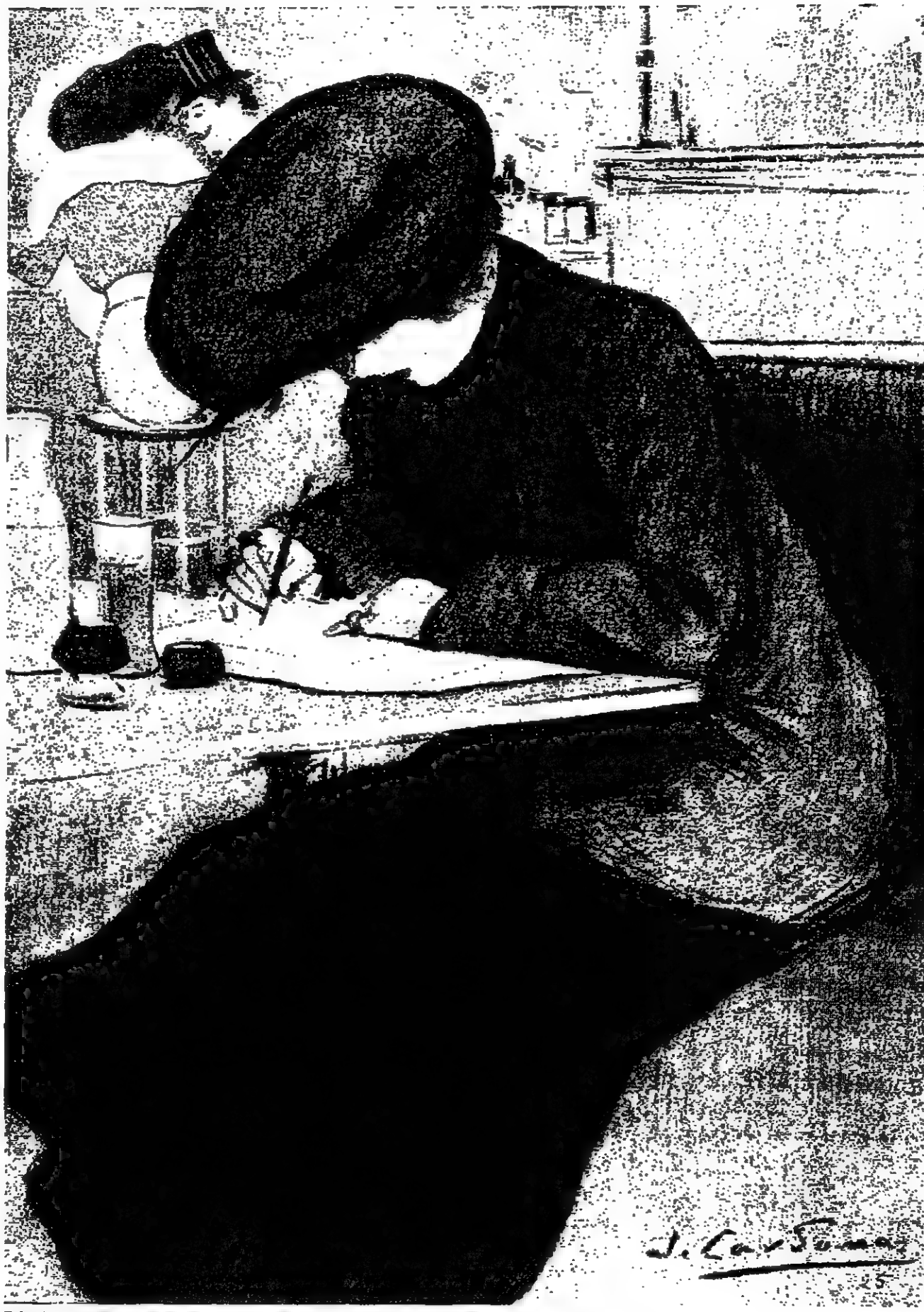
There is the "morgue woman" whose lover disappeared for several days after each encounter, while she tele-

phoned all the local morgues to ask if a body had been found. There are the classics: "what happens when a man enters the parlour in a novel by Jane Austen? The answer is a very simple one: he leaves". And why does model Claudia Schiffer fall in love with magician David Copperfield? - for his ability to disappear, of course.

The charm of this essay is that like a 50-minute session on the couch, it meanders along, casting up here a perspective on that date that did not work out, there a line on why we liked a particular film. The frustration is that it never stops chasing its own tail. But, while most psychoanalytical texts are either dryly academic or banally populist, this one stands out in exploring new ways of relating myth, fantasy and reality, it follows in the genuine tradition of Freud.

"The poets and philosophers before me discovered the unconscious. What I discovered was the scientific method by which the unconscious can be studied", Freud wrote 100 a hundred years ago. *Imagining Characters*, in which novelist A.S. Byatt discusses well-known problems novels with psychologist Ignes Sodre, is a celebration of the relation between literature and psychoanalysis. It illuminates post-Freudian responses to pre-Freudian texts - did George Eliot mean us to ask if Dorothea and Casaubon in *Middlemarch* went to bed together? or what sex was like for Gwendolen and Grandcourt in *Daniel Deronda*? - and with examples demonstrates how much more powerful literary myth is than the disembodied anecdotes in Leader's book.

Analysts and novelists are both narrators of our inner lives; Byatt and Sodre scrutinise what books about the life of the mind *Monstrous Park*, *Villette*, *Daniel Deronda*, tell us about our own fantasies. On Charlotte Brontë, for example "You can understand a lot about yourself by working out which fairytale you use to present your world to yourself. *Villette* is a novel by somebody who was terribly conscious of the temptation to escape into worlds of myth, or to invent places where desire could be satisfied, rather than living in reality". Charlotte Brontë famously wrote more letters than she posted: this book makes us look at our own desires from intriguing angles.



Epistolary questions go to the heart of sexual desire, argues psychoanalyst Darian Leader

Love in haste, repent at leisure

The prose may be cosy, but not the sentiments. Ann Geneva suggests a Valentine box of chocolates instead

The notion of a book of English love stories may trigger thoughts of that old ERE nightmare scenario where the Italians are the police force, the English the chefs, and so forth. The editor's satiric preface does little to dispel this impression.

Deeming English love as different from other love as "the English weather from that of other countries", he states he has selected stories which "congregate on the uneasy fringe where the formulaic love story meets literature".

He then gets bogged down trying to sort various heroines into maidens, troglodytes, bitches, sluts, spiky lesbians or women of spirit - a curious exercise which he does not extend to categorising the heroes.

Fortunately, the stories

speak for themselves. They are mostly of the melancholy sort, their authors familiar but the pieces not over-anthologised, and the old-fashioned joined up writing gives immense pleasure: "Elizabeth Bowen's room with its possessions, its air of bravura and slipshod moodiness", D.H. Lawrence's "three-pulse flash of the lighthouse below the cliffs", or Hardy's "thatch, brown and rotten as the gills of old mushrooms".

But if the prose is sometimes cosy, the sentiments rarely are. A high proportion concern the folly of sacrificing bachelorhood or maidenhead, and the repentance which surely follows either course.

In truth, a more accurate title might have been "The Oxford Book of Thwarted, Frustrated and Tragic Love". Mrs. Gaskell's dramatic *The*

Heart of John Middleton is one of many which features an obsessive and irrational attachment.

Social pretensions and aspirations are generally pitfalls - as is their lack in Thackeray's *Dennis Haggarty's Wife* the stalwart Dennis is blind to the unworthiness beneath his blind wife's social airs, until she and her "odious" mother turn him out of his house and take his money.

H.G. Wells's *Miss Winchelsea's Heart* also warns against social snobbery as Miss Winchelsea loses the love of her life by her genteel aversion to his surname of Snooks. In Somerset Maugham's *Epitaph*, a young woman defies her family's objections to her marrying a postman and ends up with her head in a gas oven.

Thackeray's daughter Anne

Ritchie provides a tale of unrequited love, devotion and male self-sacrifice; Thomas Hardy's poignant saga of a woman deceived twice - first by fate and then by a man. John Galsworthy's middle-aged landscape painter

THE OXFORD BOOK OF ENGLISH LOVE STORIES

edited by John Sutherland

Oxford £17.99, 452 pages

recalls his cynical coming of age as foil for a lady's duplicity; and in Arnold Bennett's *Claribel* love has a narrow escape, but only as the result of a fortuitous misunderstanding.

In Virginia Woolf's *The Waves* an MP husband discovers he has been an MCP, and that his wife had taken a

lover and committed suicide only after reading her posthumous diaries. D.H. Lawrence's *Sons and Lovers* depicts a violent reconciliation after a husband's 16-year absence in the new world. Elizabeth Bowen's *A Love Story* shows a tangle of lovers, each dissatisfied for a different reason.

In Graham Greene's *The Blue Film*, an undesired wife in search of erotic stimulus finds herself viewing her husband's performance in a pornographic film 25 years previously. Sylvia Plath's *Stone Boy with Dolphin* gives as graphic and mesmerising a description of jealousy and date rape as anyone is ever likely to want to read; while Paul Theroux's true love sends him a bill for a 2 per cent commission for finding him the flat he thought they would live

happily ever after in. Perhaps tellingly, the two stories stuck on at the end and most modern gay love by Sara Maitland and Adam Mars-Jones seem the sole representatives in this collection of warm-hearted devotion.

The publisher's blurb, confessing the book is published for Valentine's Day, promises "these stories bring a delightful perspective to the mysteries of the English in love".

Mysterious indeed. On the evidence of this book, opting for a box of chocolates this St. Valentine's Day might prove prudent. The editor's preface cites the Beatles to the effect that all you need is love, but another song may be more appropriate to this dour collection where English love turns out after all to be just another four-letter word.

Momma's boy to hairy barbarian

Jay McInerney reads Beat writer Kerouac's early letters before 'On the Road' shot him to fame

Scott Fitzgerald once remarked that there could never be a true biography of a novelist, because if he is any good he is far too many people. Certainly this seems to have been true of Fitzgerald, who, after more than a dozen biographies, remains elusive. His observation comes to mind when reading Jack Kerouac's letters, which by turns reveal a tough guy and a momma's boy; a specialist and a right-wing republican, a craven hero-worshipper and a loving egomaniac.

Fortunately, this volume, which carries us from 1940 to 1956, reflects the youthful ascendancy of the novelist, showing more of the idealism than of the reactionary, more of the hitch-hiking James Dean prototype than the drunken couch potato. Like the first volume of Peter Guralnik's biography of Elvis, which ends with the beginning of Elvis's military stint - this collection hap-

pily shows us the rebel in his youth, before the jowls and the splenic moralising and the Nixonian politics set in. In fact, the trajectory of Kerouac's life is remarkably similar to that of other rebellious momma's boys.

It was not until 1957, with the publication of *On the Road*, that Kerouac became famous as the man who named the Beat generation and wrote one of its two seminal documents. And so these letters show him inventing himself, full of youthful bravado and morbidity. ("Until I find a way to unleash the inner life in an art method, nothing about me will be clear.") His voice is all over the map, and custom-tail-

ored to his correspondents. He is stern and curmudgeonly with the younger Ginsberg, puppyish and worshipful of Neal Cassidy; Buddhist with Gary Snyder. He is in awe of Burroughs. But to his mother he is always the devoted son.

Born into a French Canadian family in Lowell, Massachusetts, Kerouac moved to New York to attend Columbia University. Eventually his mother followed him, setting up house in Brooklyn. Through Columbia, Kerouac got to know Allen Ginsberg, William Burroughs and the others who would come to be known as the Beats. When he was not hanging out, doing Benzedrine, listening to jazz, and arguing about

Celine and Thomas Wolfe, he was living with his mother in Brooklyn. One of the surprises here is the depth and breadth of Kerouac's reading. He was by no means the scoundrel of legend. The early letters to his friends in the "Promethean Society" of Lowell, Massachusetts are bursting with giddy references and quotations from the French Symbolists, the English Romantics and the American tran-

scedentalists (and a great deal of Thomas Wolfe). On the other hand, as he got older he came to enjoy and cultivate the notion of himself as the hairy barbarian of New World literature, as a natural man of letters who was throwing off the dead hand of culture.

Preparing for his first cross-country trip to visit Neal Cassidy in Denver, he says in a 1947 letter: "I have begun a huge study of the face of America itself, acquiring maps of every state in the USA and before long not a river or mountain peak of boy or town or city will escape my attention. My subject as a writer is America, and, simply, I must know everything about it."

What does a thorough investigation of "the history of thought" yield to a man of purpose?

Thus the first inklings of *On the Road*. However, Kerouac's visit with Neal Cassidy - the real "natural man" and model for Dean Moriarty - was brief and disappointing. Within a day of his arrival, he was writing his mother to ask for \$25 for a bus fare to San Francisco. ("Gee, and you can't realize how much I miss you, and the house, and writing in my room.") What the letters make clear is that it was at a distance, and on paper, that Kerouac was best able to appreciate Cassidy. Kerouac idolised this Western, proletarian, ex-con, bisexual superstud,

and created in him the prototypical Beat generation hero. But their visits and trips were long in the planning, and often abbreviated or aborted or disappointing in fact. Kerouac was more of an artist than he was the outlaw of Beat legend, and was probably happier in front of his typewriter in his mother's house than he was riding the rails. He put a great deal of himself into his correspondence, and hardcore Beat fans will presumably be grateful for the current volume. The footnotes from editor Ann Charters, author of the standard Kerouac biography, are useful, but non-believers and general readers lacking context might do better with Steven Watson's recent *The Birth of the Beat Generation* (Panthéon).

Selected Letters ends just before the publication of *On the Road* which is a good place to leave Kerouac - like Elvis at the train station, headed off to the army.

Crime and punishment in the balance

A breakdown of the criminal justice system may be the symptom of wider social issues, argues Michael McConville

David Rose is a worried man. For him, English criminal justice is in a crisis without precedent. The system often fails to identify offenders and, when suspects are apprehended, it has a propensity to confuse factually guilty criminals with the falsely accused. As public faith in the system is eroded, there is a drift towards an atavistic form of justice in which the dominant motive is revenge. The "logical conclusion" of this development is a deeply divided society with guns and fortifications, in which notions of "One Nation" are replaced by state and freelance vigilante violence.

This apocalyptic nightmare is evidently not shared by the main protagonists in the law and order debate. Those on the Right, who will not accept their part in creating a dysfunctional world, deny the role of deprivation, unemployment and deepening inequality in contributing to crime, and seek solace in renewed calls for vindictiveness. Those on the Left, who cannot countenance the importance of individual moral choice, refuse to accept the adverse social effects of weakening family structures and reverse all their principles when discussing race and crime.

Such large claims require careful and rigorous demonstration. If only half of them were true, the reader would need a measured guide to a public discourse which, as Rose himself acknowledges, has become ever more shrill, with its participants mired in cliché, ignorance and anachronism. Unfortunately, David Rose does little to substantiate his overblown claims.

According to Rose, the job of the police is to control crime. Crime, in turn, is not just another aspect of social control; it is a real problem which damages people's lives. Whilst there is an obvious truth to this, the failure to analyse the meaning of crime leads Rose to leave out of account crimes of the powerful, and the social and economic damage these cause.

The result is an unbalanced account which focuses on crimes of the street to the exclusion of crimes of the suites.

In seeking to solve street crime,

police in the old regime (prior to legislative reforms in the mid 1980s) were quite prepared to "fit up" suspects through false confessions and institutionalised malpractice, as senior officers now concede. This regime, he claims, lies defeated, the evidence for which, we are brazenly told, is supplied by the very same officers who admit to fabricating evidence and lying on oath to courts.

Still, asks Rose, might this have been the only way to get the job done and, even, get it right? We must confront this awkward question because, according to Rose, convictions have fallen as crime has risen, especially in serious cases. The evidence for this is unimpressive. On Rose's own analysis, the baseline comparison is

IN THE NAME OF THE LAW
by David Rose
Jonathan Cape £17.99, 336 pages

drawn from the age of corruption when convictions could be inflated by perjured police testimony and by persuading defendants to clear police books by accepting responsibility for untold numbers of unsolved offences.

Similarly, the recent "lower conviction" figures may be explained, at least in good measure, by institutionalised plea-bargaining and the charging practices which anticipate this. Rose is equally worried by what he terms the retreat from prosecution. The first cause is that the police in many areas have simply been overwhelmed by rising crime and reduced resources. Whilst the Crown Prosecution Service (CPS) also operates under Treasury-determined pressures, it drops too many prosecutions on the basis of highly problematic assessments of the credibility of witnesses they never see and on the grounds of public interest, for which read cost and precipitate decision-making. The claimed retreat from prosecution is apparently turning a crisis into collapse.

What is the solution? With the exception of his "big idea" (on which, see below), Rose's reforms seem trivial: judges should be able

to call their own witnesses; each side should have the right to attack its own witnesses; phone-tap evidence should be routinely admitted; police interviews of witnesses and suspects should be filmed; and jury service should be made compulsory. Just as the Titanic is about to hit the iceberg, David Rose contents himself with re-arranging the deck chairs.

But what of his big idea? This turns out to be a reformed prosecution service. Local prosecutors would have the power to supervise, modify and stop police inquiries and would be able to meet victims, witnesses and suspects. The results of this change would be that fewer innocent people would go to prison, prosecution cases would not break down at the door of the court, public confidence and trust in prosecution evidence would be restored, and the acquittal of "really guilty criminals" would cease to be a common event. It is not explained how these results would come about; they would follow from this new relationship of co-operation and trust between prosecutors and police.

This proposal is deeply mistaken. A mass of research has shown the dangers of too close an association between prosecutors and the police. Over-identification often leads to a process of socialisation in which prosecutors absorb police values and lose the capacity to form that independent judgment. Ironically, David Rose nearly establishes the point himself. Having spent only six months with the police in Kilburn, his whole analysis is little more than a parade of now well-worn police views. There is nothing wrong with police views, but they are no substitute for the kind of careful analysis which is required by his thesis.

Overall, this book represents a missed opportunity. Its major achievement is that it has taken the investigative out of journalism. This is not to deny the intensification of wider social problems eloquently established in Will Hutton's *The State We're In*. Rather it is to point out that these are social and political problems of which the current state of the criminal justice system is a symptom rather than a cause.



Tapaba Indian children, whose families are campaigning for land rights in the Brazilian state of Ceará, photographed by José Albano; from "Novas Travessias: Contemporary Brazilian Photography" by Maria Luz Melo Carvalho (Verso £19.95, 191 pages), which reflects the rich eclecticism of the country's culture



Fiction

Symbolic voyages of discovery

For some reason the list of Graham Swift's earlier books at the beginning of *Last Orders* does not mention *Waterland* - the evocation of the East Anglian Fens which was his most successful, perhaps his best, novel.

This new novel takes similar possession of Swift's own home territory of working-class South London. Its technical brilliance is such that I began by feeling that it would be more appreciated in the variety creative-writing faculties (of which Swift is a prominent product) than in the bookshops of middle-England: on a second reading I was entirely won over and, indeed, impressed and moved.

The ashes of Jack Dodd's, a reluctant master-butcher, are taken from Bermuda to be scattered in the sea at Margate. He is accompanied by his adopted son Vince and by three of his old friends: Ray "Lucky" Johnson, a clerk and a betting man, who is the principal narrator; Lemmy, who has a fruit-and-veg stall and once tried to be a boxer; and Vic, the undertaker. The widow, Amy, who for 50 years has been preoccupied with her men-

tally-defective daughter, prefers not to attend. They drive down the A2 on a Chancery route from New Cross, with occasional digressions to a pub, to Chatham, to Canterbury Cathedral. They talk; they remember; they all have their role in the narrative. We slowly discover the various dramas of their ordinary lives - Swift reveals the detail reluctantly, with great control and skill.

His south-of-the-river dialogue is brilliant, and the accompanying prose is cut to the bone. The characters acquire a memorable reality, particularly Ray - "...I'm a little bloke. I thought, first my daughter buggers off to Sydney and stops writing, now my wife goes and bunks it. And they call me Lucky. I thought, it

don't help you much, having been at the battle of El Alamein..."

This is a marvelously expert book. André Brink, after a dozen much-lauded and heavy-handed novels of life in apartheid South Africa and in its earlier generations, sells his new book *Imaginations in the Sand* in the violent and dangerous week of the April 1994 elections which brought majority rule.

Kristien Müller, a thirty-something South African woman, self-exiled in Britain for 11 years, is summoned home

to attend the death-bed of her beloved grandmother who, 103 years old, is a victim of an attack by black youths. The family home is a mansion in Oudshoorn, and "Ouma" has the family stories to tell her grandchild before she dies.

These tales - delivered in a speech pattern which is utterly unconvincing - take us back through Brink's familiar landscape, to the centuries of Boer conquest of a Southern Africa peopled by Bushmen and Voortrekkers and the rest. The stories are frequently violent, with a recently-ac-

quired dash of fashionable magic realism. These, explains the author/narrator, are "the fantasies of a frontier world, all larger than life, the exaggerations of a mind on the threshold of death, or a vision of some deeper darker truth..."

Kristien nurses her grandmother and revisits her childhood; she comes to terms with her sister, who is married to a stereotypical racist; she discovers that she and the maid are literally of the same family; she suffers ("Weep for the living and the dead, for the mess we have made of this land..." etc.).

It is, of course, symbolic - indeed, the tale is laden with the symbolism of the move from the old to the new South Africa. Kristien, the exile-returned,

nurses a dying Afrikaner matriarch on the first floor and a wounded Black man in the basement. The sister has inherited the rage of the women of this family and of the Afrikaner tribe, and the result is bloodbath. "Write a new chapter, yes," urges the ANC friend - "Close the old books, no. We can't imagine the future by pretending to forget the past..."

The problem, as so often with Brink, is that his novel betrays a crudity of imagination. His version of the historic past is unremittingly violent, sadistic, bestial. Small wonder that his present-day characters are without shading or subtlety. Ouma has summoned Kristien to tell her the story of the family (i.e. of the Boers). Kristien has always intended to return to London. Not so simple: "I can't inherit this place, Ouma. I want you to. That's not enough reason. For me it is. You've come back and you must have it..."

Does Kristien take the plane back to Britain? Guess!

J.D.F. Jones

The stranger and more clamorous the voice, it seems, the bigger the publisher's advance. James Hince is the latest in a line of striking new voices, whose strident first novel has sold instant movie-rights and translation rights in ten countries.

The story of *White Merc With Fins* is subservient to style and is not enacted until the last 50 pages. This is "the plan", in which a handful of social misfits representing five nations take a private bank. But it is Hince's voice that makes most impact as he details every sub-

culture that London can throw up. He gives expression - anarchic, jacked-up, growling stuff - to the dispossessed, "people so lost they will do anything to join a tribe." Drugs, porn, the IRA are thematically linked on the grounds that "crime is all political."

Hince is preoccupied with the state of the nation from the underside. The narrator is a 28-year-old with no job prospects, no name, a graduate who lives

in a shed backing onto his sister's west London house. He has ditched his lower-middle-class background in order to chase a piece of real wealth which allows entry into "middle-class heaven". But with no job prospects, he devises an ingenious plan to steal it.

"This is the only chance we get, there are no pockets in shrouds."

Wonderful though his voice is, it begins to bore after 100

pages as Hince repeats his jokey graphics and digressive gimmicks. There are many tributaries in this novel, but little sight of a substantial river. As his friend and ally, Dai, warns on hearing of the

plan: "when the idea is run up the flagpole, no one salutes it." *Nathan's Run* has also secured translation rights, in 13 countries, but on the strength of its plot rather than its voice. It is a compelling tale

of 13-year-old Nathan Bailey, on the run from a detention centre after killing his supervisor. Gilstrap's omniscient narrative covers all bases - Nathan, hiding in vacated houses; the investigating officers closing in; a criminal gang with its own motives for finding Nathan; radio-talk host "the Bitch" who keeps an on-line conversation going with the runaway; and numerous minor characters who disap-

pear after a page, which would not be so noticeable if it were not for the attention that was drawn to various extraneous facts of their lives. The nationwide manhunt follows a formulaic pattern which affords few surprises, and is executed with a lumbering prose style. But the problem is that Gilstrap gives too much information too early on why Nathan killed his supervisor. Thus, instead of implicating the reader in a moral counterpoint, he does the thinking for us.

Russell Celyn Jones

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ARTS

Great artists are often a puzzle, and Cézanne is as difficult as any. This exhibition at the Tate Gallery, the first comprehensive study of him since 1936, shows him warts and all, with his awkwardnesses and failures clearly exposed beside his triumphs.

Autres temps, autres murs: the retrospective, which has transferred to London from Paris, offers a different disposition of more or less the same body of work and suggests new connections to be made, new thoughts about the artist and his work to ponder.

It is not a question of which city has offered the better show, for there are pros and cons on either side. I liked the teasing together of groups of work at Paris rather than the more metronomic regularity of the hang at the Tate. On the other hand, the Tate has made so much more of the drawings, which at the Grand Palais were rather lost. There the large galleries offered a more general impression. Here the Tate's more flexible spaces allow more particular a narrative, room by room, chapter by chapter.

With Cézanne, it is the difficulty of his work that is itself the point - the difficulty faced, worked through and finally transcended. More than anyone, he points the moral, for his was no God-given facility but a greatness reached for and finally achieved by force of will and unremitting application.

This moral quality of his was recognised by his peers even as he struggled as a young man. By the end of his life he was the central figure, the pivot on which all modernism turned. Indeed the show at Paris was glossed in just those terms, and quite right too, for without him there might well have been no modern painting at all.

In the 1860s, immature as he was, we see him standing with Courbet, Manet and Delacroix and looking back with them to the great humanist tradition of figurative painting. For a while in the '70s we find him beside his Impressionist contemporaries, Sisley, Monet and Pissarro, painting along the valley of the Oise north of Paris.

But even then, in such works as "The House of the Hanged Man", we find him already moving beyond the immediacy of the visual moment into a more closely ordered world of space and form and structure.

Back in his native Provence from the later 1870s, we find a heightened palette and an ever sharper definition. And so, in his old age, we see him the hero of Picasso and Matisse, godfather to cubism and constructivism and on to minimalism. "One does not take the



A difficult painter: 'Apples and Oranges', 1890, by Cézanne. His greatness was achieved through force of will and unremitting application

Godfather to modernism

William Packer reviews the magnificent Cézanne retrospective at the Tate Gallery

place of what is past", he said: "one only adds another link to the chain."

All this is made as clear in London as in Paris, but while there the emphasis was perhaps more art-historical, in London we get rather more from the work of that personal struggle. "I work obstinately, I glimpse the Promised Land..."

I've made some progress. Why so late and so painfully? The bonus is that we get more, too, of the final transcendent triumph, in the late still lifes, and in the final shimmering paintings and water-colours of the Mont Saint Victoire, far away across the valley.

The works he made from the imagination, rather than before his subject, remain a problem, most especially the bathers that obsessed him for most of his last 30 years. The figures are unresolved and physically improbable.

His early life drawings bespeak an academic competence, the early still lifes a hint even at precocious brilliance, close to Manet; yet there beside them are the desperate essays in romantic and symbolic narrative that at best are bathetic, at worst, rather worse. Yet even then, with the model before him, as for the early, proto-Expressionist "Negro

Scipion", the result is impressive.

The later portraits, studied and tranquil, are marvellous, those of his wife best of all. *Au fond*, it is as the painter of space, and of objects related within that space that he is greatest of all. No painting is finished. All is enquiry, all open, speculative, at once tentative and decisive.

"I become more lucid in front of nature, but the realisation of my sensations is always painful. I cannot attain the intensity which unfolds to my senses... I proceed very slowly, the nature that presents itself to me

(being) very complex; and there is always progress to be made."

His wife's dress as she sits to him in her yellow chair, is here a solid and modelled passage of paint, here a drawn line, a mark, a dot, here a loose transparent brushing-in, a surface as open as that of his forest stretching away to Mont Saint Victoire. Apples sit on a cloth that falls over the table's edge, a jug beyond. Here are the rocks, the trees, the bridge across the water, and always that continuing, returning enquiry.

And why should such things be so moving, and Cézanne so

important to us? It can only be for the affirmation he makes of the importance of art to the human spirit, in fixing upon the experience of the moment, and above all of the enduring validity of painting itself, as a vehicle for its expression. In these days, when painting from the visible world is so lightly written off as irrelevant, it is an affirmation of the profoundest importance.

Cézanne: the Tate Gallery, Millbank SW1, until April 28, then on to Philadelphia; sponsored in London by Ernst & Young.

Today's repeat of Episode 5 of *Murder One* contains a prime example of one of Steve Bochco's great strengths. As a sub-plot he sets up a case which seems, after you have heard the prosecution details, to be absolutely watertight. "Right", you think, "even your whizzkid defence lawyer will never get the little schmuck out of that; let's see you write your way out of this one". And of course he does. Even though the defendant admits to shouting anti-semitic insults at his victim and has been attacking him in the street, the defence counsel here manages to produce evidence which enables the defendant to walk free. It is a knack that we have seen Bochco develop in previous series such as *Hill Street Blues*, *Cop Rock* and, above all, *LA Law*.

The first showing of Episode 6 tomorrow brings out other ingredients in his formula. Call it didacticism, call it pragmatic willingness to exploit whatever he sees in the way of social change going on, but Bochco is always keen to reflect the current craze or the latest innovation. At the centre of *Murder One*, as the title indi-

cates, is a murder case. In the build up to the trial he shows us lawyers employing empanelling experts: people who make their living by helping lawyers to choose juries, presumably by use of the challenge system. Up to the end of Episode 5, the trial has not actually started, so we have seen no challenges. But we have learned that these experts go out into America's malls and plazas and find out what the public thinks of the defendant, not only to produce profiles of ideal jurors, but so that the lawyers can most effectively manipulate the media. It is enough to make British eyes boggle.

And yet, like many who have made films about the American legal system, Bochco appears to have a pretty solid belief in its underlying strength. At the end of tomorrow's programme Ted Hoffman, chief defence lawyer in

the trial of the young film-star Neil Avedon, is asked by his wife "How will you be able to look your own daughter in the eye if Avedon killed a 15-year-old girl and you get him off?" To which Hoffman replies: "That's the wrong question. The right question is how can I look her in the eye if I don't give Neil the same presumption of innocence that the Constitution does?" The equivalent sentiments written into a British legal series would either seem so pompous as to produce a laugh, or would highlight the lawyer's hypocrisy. Yet presumably, in the American tradition of courtroom drama, Bochco really means it.

This is not entirely certain, given that one of the starting points for *Murder One* was the O.J. Simpson trial. Since the televising of that real event captured the imagination of

millions and dominated the ratings, it may well be that the 23-part fiction *Murder One*, built around a single trial, will also succeed with the viewers. What is not clear - up to Part 3, anyway - is whether Bochco has any strong feelings about the conduct of the Simpson trial, the light it throws on the American legal system and revelations concerning fees to witnesses for books, to lawyers for television appearances, and so on. It is not hard to imagine a British series taking a very outspoken line on such matters. Bochco, for all his astuteness about the current scene, provides little indication of his feelings. Perhaps he believes with Sam Goldwyn that messages are for Western Union.

What is present in large measure is sheer entertainment. It is a bit misleading to say that this series is concerned with just one murder case:

every episode contains at least one other complete story, which often occupies more time than the murder. All that Bochco has really done is to change the emphasis. *Hill Street Blues*, *NYPD Blue* and *LA Law* all used a permanent group of characters whose domestic circumstances and office affairs we followed from week to week, even though each week brought a new story. He has done the same with *Murder One* but added another dimension in the form of a single background plot. Like so much American television drama this dashes along, driven by constant high octane injections of pure narrative. Moreover in Daniel Benzali, who plays Ted Hoffman - portly, bald, incisive, witty, dominant, and armoured with integrity - we surely have a major new television performer. He has been seen in *LA Law* and *The X-Files*, but *Murder One* is going to make him a star.

There is one snag. *Murder One* is being shown on Sky Movies, so you need access to satellite or cable, although, like *The X-Files*, it may be shown later by terrestrial television. It certainly should be.

abetted her by having excerpts from a gardening menshship's book read by a languidly affected and slightly glibby voice rather than the briskly crusading cheerfulness I remember from my parents' circle in the country of my birth - or indeed the first-hand stories from the splendid old dears who were allowed to speak for themselves.

One, an early ecologist, refused to have the cobras cleared from her garden ("they don't want to hurt you"). Other threats to recreating a Surrey lawn east of Suz included sacred cows, monkeys, mad dogs and elephants. Recommended methods for breaking up the intractable soil extended to dynamite blasts (the gardener should "seek safety behind a tree"). All this to make "a right little corner of England in a foreign field" as the narrator chirped unfurlingly, unwilling to leave well alone.

But the gently downbeat ending made amends: a mensahship recalled how she told off a boy goatherd for cutting off her greenery to feed his beasts, and the mild reproach from an old Indian: "You have so much and they are so poor." "I felt so ashamed," she said, going up in one's estimation, higher even than Queen Victoria...

Off the Wall/Antony Thornecroft Royal Court on a roll

The Prudential made Stephen Daldry, artistic director of London's Royal Court Theatre, more secure this week. It gave him £75,000, the 1995 Prudential Award for the Arts, the biggest cash sum going in the field, in addition the Theatre picked up another £25,000 for winning the drama category.

Daldry plans to use the money nurturing new playwrights and audiences rather than splashing out on costly productions. So the education programme and more commissions will be the major beneficiaries.

The prizes won by the Royal Court in the past year have become positively embarrassing - for *Hysteria*, *My Night with Reg*, *Steward of Christendom*, *Babies*, *Majo*, and more. It will be surprising if Daldry is not on stage clutching a bauble at next month's Olivier theatrical awards ceremony.

The other Prudential category winners, each receiving £25,000, were the Jonathan Burrows Group (dance); Tramway (visual arts); Unknown Public (music); and Glyndebourne (opera).

Glyndebourne is on something of a high at the moment. The £25,000 from the Prudential caps a successful 1995 festival, which beat its box office target with 99 per cent of saleable seats sold.

This summer Glyndebourne presents two new productions - Handel's *Theodora*, directed by the Californian enfant terrible Peter Sellars, and Berg's *Lulu*, created by the home based team of Andrew Davis and Graham Vick. The revivals are Mozart's *Così fan tutte*, Tchaikovsky's *Yevgeny Onegin*, Strauss's *Arabella*, and Rossini's *Ermine*, the surprise hit of last season.

The better seat prices are raised slightly, to a top of £110, but the three cheapest categories, at £10, £15 and £20, remain

unchanged. Glyndebourne has been successful in attracting a new audience to its largest auditorium. Last year 30,000 seats, 35 per cent of capacity, went to non-members, against between 5,000 to 10,000 seats available to non-members at the old Glyndebourne. So visit to the South Downs is now a practical proposition.

The RSC has just announced its Stratford programme for this summer. The three Shakespeare plays in the main theatre are *As You Like It*, *Macbeth*, and *Troilus and Cressida*, while at the Swan there is Webster's *The White Devil*, the first revival in 250 years of *Three Hours After Marriage*, a collaboration between John Gay, Alexander Pope and John Arbutnot; and the premiere of Richard Nelson's *The General from America*, about the traitor Benedict Arnold.

At the Other Place there is the premiere of Peter Whelan's *The Herbal Bed*, about Shakespeare's daughter, Susanna; *The Comedy of Errors*; and Molière's *The Learned Ladies*. The London season opens with Edward Bond's first new play for six years, *In the Company of Men*, a treatise on justice. The rest of the London season is made up of last year's Stratford repertoire including *The Taming of the Shrew*, *Romeo and Juliet*, *Richard II* and *Julius Caesar*.

In the summer of 1997 there will be no RSC at the Barbican, following artistic director Adrian Noble's decision to abandon London for six months a year. But, against expectations, the RSC will not spend the time touring the regions. It will just concentrate on its Stratford work, touring in the winter months.

One advantage of the controversial new programming policy is that it ties actors to shorter contracts, which should enable the RSC to attract bigger names and a wider choice.

Theatre/Alastair Macaulay

Exhilarating Sweet Panic

In *Sweet Panic*, his exceptionally exciting new play, Stephen Pollakoff keeps us on tenterhooks. What kind of play is this? And where will it lead? It is, in part, a kind of fictional documentary on the life of a female child therapist, Clare, partly as seen by herself. It is also about various forms of vulnerability experienced by those with whom she comes into contact, and experienced by her. And it is an ironic commentary on the value-for-money expectations people may have of psychotherapy in this post-Thatcherite era too. Oh, and it also contains two terrific roles for women.

But what is most engrossing, from start to finish, is a completely different kind of ambivalence. On the one hand, *Sweet Panic* is a suspenseful thriller in which Clare's composure, career and life are imperilled; on the other hand, it is full of social satire, keeping us amused with its witty, and very "now", pictures of English types and English life. The various aspects of the play are often dovetailed into one another, so that, as the plot deepens and develops, we start to take seriously two characters, parents of Clare's patients, whom we had found ridiculous.

Clare (Harriet Walter) is visited, interrupted, pursued, haunted, by Mrs Trevel (Saskia Reeves), a youngish woman of roughly her own age. Pushy, and mildly nutty, Mrs Trevel is a neurotic and driven upper-middle-class woman who is disarmingly self-aware and sees perfectly well that she must seem like "the mother from hell". It is an impressive token of Pollakoff's skill that, on press night (I write in the hour that followed), some people in the audience kept guffawing at Mrs Trevel's bright but batty remarks as if she was a Victoria Wood creation, while others were gripped in alarm at whatever the hell she was going to say or do next.

Mrs Trevel and Clare are sufficiently of the same generation to discover what they have in common and how dissimilar they nonetheless are. In one scene, Clare plays Mrs Trevel a cassette she herself recorded when young and the two of them fasten on to opposite aspects in it.

Sweet Panic is not perfect.

The ending is stimulating and arresting, but neither quite believable in plot terms (we cannot believe Clare would follow this potential nuttier into terrain this risky) nor fully clear in meaning (the various uses of panic, sweet or otherwise, are thrown at us so suddenly). Some of the satire - such as a line about Canadian lecturing on "Monorails, Dead or Alive" - is too flip. But none of this detracts from the play's excitement.

Part of the excitement lies in the spectacle of two of our leading actresses being challenged and extended. I have never seen Saskia Reeves so sure or so complex as in her Mrs Trevel. Perfectly she steers us and the play as she develops from a cartoon oddball into a dangerous and serious woman. At the centre of the play is Harriet Walter as Clare. As an actress, Walter has sometimes seemed, in recent years, to be in danger of becoming - with her brilliant array of different voices and accents - merely a marvellous satirist; a clever character-player (see *Sense and Sensibility*) rather than the compelling and heart-catching psychological actress that she can be. The role of Clare is just the ticket, because it shows both aspects of her talent.

Pollakoff, who directs, deserves further credit for this. The rest of the cast all do well too. Tom Piper's set, in beautiful shades of blue and brown, elegantly and simply becomes both Clare's office and several other places in the London of summer 1995.

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not been Queen Victoria.

Did the fact that as a woman she was not allowed to accede to the family domain of Hanover actually facilitate Bismarck, the first world war and the Russian Revolution? Did her haemophilic children sig-

nify that she "slept with the milkman", as one enthusiastic populariser of Clio, muse of history, phrase it? Certain rumours were given the stamp of academic approval. The near certainty that Prince Albert was the son of a cultivated Jewish musician with whom the Duchess of Saxe-Coburg-Gotha lived for three years makes the present royals look much more interesting. John Brown's bed, in a room next to the widowed queen's, was never slept in, according to the maids; and Bertie smashed every bust he could of the dour highlander when he came to the throne as Edward VII.

Victoria emerges as quite a goer and irritatingly human. Her famous denial of amusement was prompted by an improper story from "an old queen" referring strangely not to a fellow-monarch but a jolly courtier of whom Victoria was fond. As she dabbed her face with a napkin while she said it, one likes to hope it was one of her few lies.

The limitations of the tabloid

treatment will be illustrated next Monday when the programme deals with Henry VIII. A political figure, heaven knows, and deserving of more serious analysis than conjectures on his sexual potency or the note that he had a 54-inch waist at his death. Rather more should be made of the Tudor family paranoia and insecurity, less of what the king did or did not do with Anne of Cleves (a shrewd and jolly lady who refused to go back to her brother's stuffy little German court and appeared as a much-loved, rather befuddled, figure at state occasions in subsequent reigns).

The programme has an unnecessary contest-format: two teams, each consisting of a pair of academics, vie to cap each other with obscure facts and little-known anecdotes, a sort of historical one-upmanship. Last Monday's reminiscences of Queen Victoria's chaotic coronation prompted a reflection from one team member speaking "as a page-boy at the last corona-

tion" which rather trumped everyone else. For all its need-less competitive element and its relish of (absolutely fascinating) gossip, *Battling with the Past* is based on serious scholarship. Only devotees who know their stuff can afford to be flippant - and occasionally strike sparks, as in next week's squabble over poets in Henry's reign. Thanks be to God, this has also so far been a history programme without the perkily garrulous and opinionated Dr David Starkey, recently heard misidentifying Marie of Romania as Queen Victoria's daughter. He would not last in this series. It even redeems a musically illiterate presenter who refers to some early Tudor song as "appalling".

More living history, and more presenter trouble, in *Gardening in the Raj* last Friday. The gratingly facetious Sue Phillips stuck in the oar of comment when none was needed, complete with heavy-handed jokes about "naive girls"; and the producer

مكتبة الأصيل

SPORT

World Cup Cricket

Australia to start as firm favourites

Simon Hughes previews a tournament beset with problems

Ever since Pakistan and India filched the hosting of the 1996 World Cup from under England's noses three years ago, the tournament has been beset by problems.

The two countries are not exactly bosom pals and the general organisation has remained, like the sub-continent's own infrastructure, shambolic.

Most of the competing countries are still awaiting replies to an endless stream of faxes relating to various arrangements, and a team of people from Trans World International, the event manager, is trying to paper over the cracks.

Even at this late stage the rebuilding of some grounds and hotels is incomplete and the organisers are meeting in Calcutta today to discuss possible last-minute venue changes.

Add to this the unrest in various cities - the bombs, the shootings, the demonstrations - plus the headache of transporting 240 players and officials around three Asian countries (Sri Lanka was granted four matches) and 26 different grounds and you have a logistical nightmare.

In a part of the world where airport staff can confiscate anything from nail scissors to batteries, it is no wonder the Englishman in charge of the event's TV coverage and a mountain of equipment, is almost completely bald.

The most sobering thought is that with a projected TV audience of 1.5bn for the final, and lucrative sponsorship deals signed and sealed, the host countries expect to make a profit of something in the region of \$35m (£22.7m).

While they count their profits, the teams flog themselves through a preliminary round of five group matches, and two knockout stages before the



Brian Lara: a treat for the World Cup spectators

final in Lahore. The prize for winning the competition is a paltry \$50,000 - that is for the whole team, not per player.

There will probably be more money circulating on the terraces than within the teams' grasp. Pakistanis bet on anything from the potential runs off the next over to how many chapatis you ate for lunch - rupee notes being exchanged faster than Punjabi slang - so the World Cup will become an orgy of gambling in the stands.

So who is most likely to be brandishing the trophy on March 17? Even taking into account the slightly neurotic attitude of the Australian players whenever they are separated from their creature comforts, they are firm favourites.

They are the most confident, versatile and accomplished team and are in a rich vein of form. They have the best set of batsmen, competitive seam bowling and the constant threat of Shane Warne.

Only South Africa can match them in the field. In fact an Australia-South Africa final

would provide a showpiece for cricket's new era, putting on a world stage the two best drilled, most scientifically prepared and physically impressive teams. It would relay the message that this eccentric old sport is at last shuffling towards the modern age.

Pakistan and India still like to play the game the old-fashioned way, which probably rules them both out as finalists, although there are bound to be some fireworks along the way - off the pitch as well as on it. There is still more than a hint of internal wrangling in the Pakistan team, which the inclusion of Javed Miandad after an 18-month lay off is only likely to inflame.

Wasim Akram has a difficult task trying to keep all the disparate elements together. With the ball, Akram is still as potent as anyone in the world, but his batting has declined, and so has the destructiveness of his once feared new ball partner Waqar Younis. They are also inclined to drop catches.

Fielding may be India's undoing too. World cup matches are hectic, intense scrambles for superiority in which extreme agility and a throw like an Exocet are of inestimable value. It is all very well to have bowlers with the devious skill of Amli Kumble, but not much use if lumbering, fallible groundwork lets dangerous batsmen off the hook. This also eliminates Sri Lanka from the final equation.

Assuming New Zealand's form is as rickety as the knees of the retired Martin Crowe, this leaves Australia, South Africa, West Indies and England as the most likely semi-finalists.

The inclusion of Brian Lara has delighted the public and browned off some of his West Indian team-mates but his presence significantly improves their chances. Carl

Hooper will be missed though.

England may appear to be in the doldrums after six one-day international drubbings in South Africa, but do not be deceived. They have three relatively easy matches to start with and are based mainly in northern Pakistan where the weather is cool and the wickets reliable.

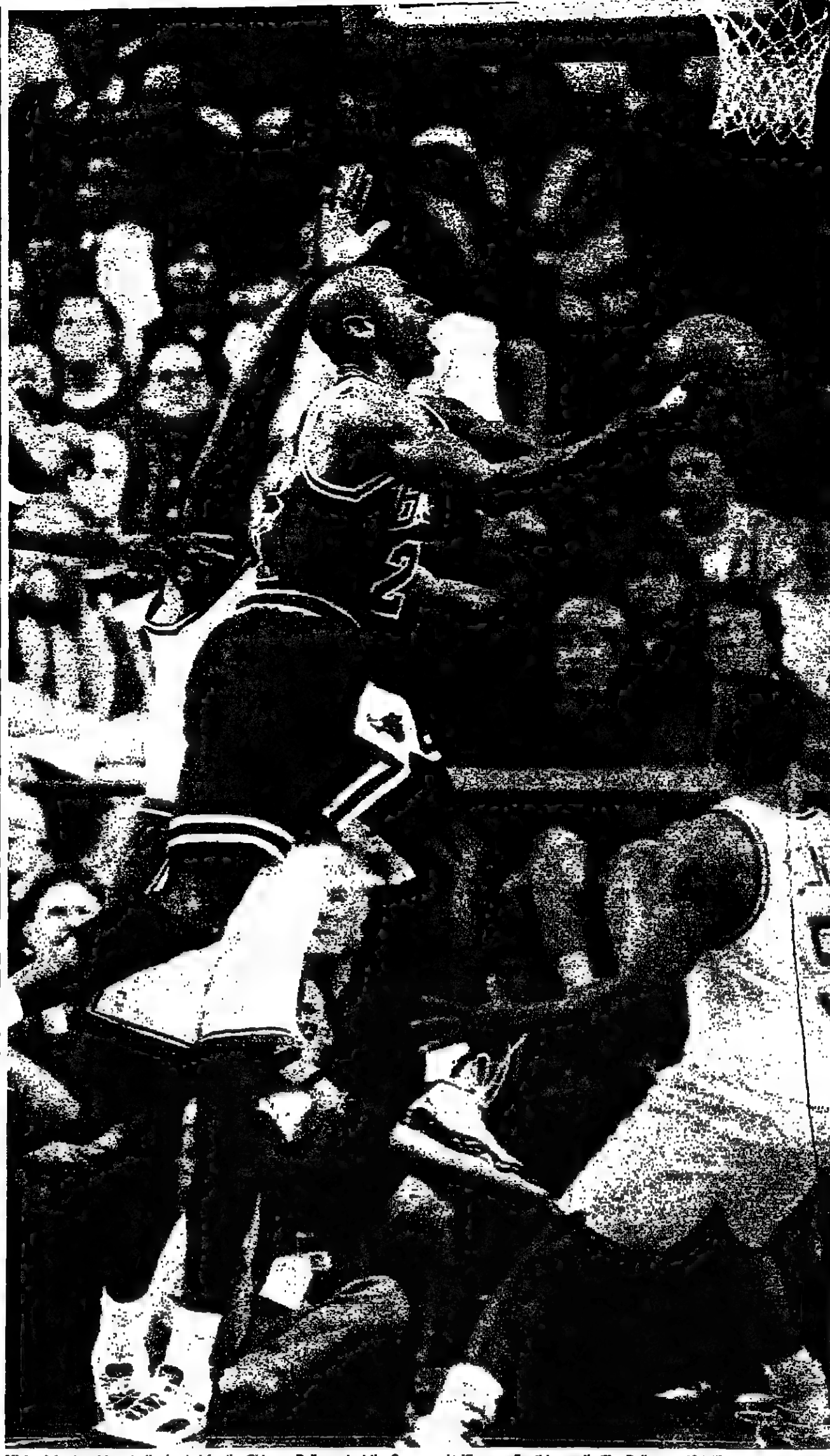
They should qualify for the knockout stage and a couple of substantial early wins might restore their confidence. Graham Thorpe is as good a one-day batsman as anyone in the world, and Graeme Hick is at last asserting his massive authority. Ultimately they might just lack the conviction to bring home the World Cup for the first time.

In their own quest for an expansive game, the ICC invited the three most successful teams from the Associate members World Cup to this tournament.

None of them has a hope of reaching the quarter finals - Holland are too dour, UAE too erratic, Kenya too inexperienced. But Kenya could become the cricketing equivalent of Cameroon. Kenyan cricket was once dominated by expatriate Indians, but now indigenous Africans are warming to the game, bringing to it a breathtaking zest and astonishing stamina.

Watching the brilliant Steve Tikolo in partnership with Maurice Odumbe you would be forgiven for thinking it was Carl Lewis batting with Linford Christie.

It seems faintly ironic that the main sponsor of a competition which exacts high demands on players' fitness and agility should be the Imperial Tobacco Company. The name Wills will be plastered all over outfielders, sightscreens and billboards as a strong reminder that, as Pakistan proved in the 1982 final, where there's a Will there's a way.



Michael Jordan drives to the basket for the Chicago Bulls against the Sacramento Kings earlier this month. The Bulls won 106-85

Basketball / Michael Carlson

The NBA's teen targets

Tomorrow, the world's greatest basketball players meet in San Antonio, Texas, for the National Basketball Association (NBA) All-Star Game, matching the best from the Eastern and Western Conferences, two dream teams for the price of one.

Channel 4 will show the match live in Britain, launching a thrice-weekly assault on audiences by Michael Jordan and his cohorts. It is part of a concentrated effort to sell the NBA in Britain, and establish a beach-head for basketball in northern Europe.

The NBA has been on British television before: on BBC, some ITV regions, Screensport, and last year on Sky Sports. Channel 4 broadcast British basketball a decade ago. So far, the sight of men the size of rugby player Wade Dooley running and jumping like decathlete Daley Thompson and throwing in baskets from 26ft has not impressed itself on the British public.

Britain is not the only place in which "hoops" are a minority pursuit. In Europe, there is a serious north/south divide. Basketball is a strong second sport in Spain, Turkey, and Italy; it runs close to football in the former Yugoslavia, is the biggest sport in Israel and is, arguably, number one in Greece.

In northern Europe, apart from Lithuania (European champions in 1993) and Russia, it is far from dominant. Germany produces NBA players, and European champions, but its league struggles.

There are two main differences between north and south. In Spain, big football clubs adopted basketball. Real Madrid and Barcelona are still among the strongest teams. Clubs and schools built outdoor courts, where, as in America, youngsters play all year long, by themselves or in small groups. And apart from football, there are no other significant team sports.

The second difference is success. Spanish basketball teams received a boost after their Olympic silver medal win in 1984. The upsurge of popularity in Greece followed their victory in the European championships.

Paul Zilk, who supervises the NBA's seven international offices from Geneva, thinks it is time for a change. He points to a poll conducted by the Sofres, the French public relations company.

Boys aged between 11 and 19 put basketball second in their interest in four of Europe's five leading markets, all except Britain, where it is fifth.

In France, basketball trails football only slightly. Even in Britain, 83 per cent of youngsters know what the initials NBA mean, and it has been played by more boys than any sport except football.

Blame it on Michael Jordan. "The young generation idolises him," says Zilk. Jordan, not Roberto Baggio, is the most popular sportsman in Italy among 11 to 19-year-olds.

Germany and Britain (where the boys' own favourite is Cantona, followed by Damon Hill, Ryan Giggs, and Frank Bruno). More importantly, both Magic Johnson and Shaquille O'Neal are ahead of, say, Gary Lineker.

With John Amaechi finding his unlikely way to the Cleveland Cavaliers, British youngsters have an aspirational target. But in Britain the club system is isolated, rather than central. British basketball clubs cannot

reach out to their communities in the way Real Madrid can.

So the NBA is moving into schools. Mark Cohen, who heads its London office, offered a programme called NBA 2ball to schools in the UK, to establish the game in physical education classes.

"We offered a free kit to the first 500 schools who faxed us," says Cohen with a smile. "My fax machine was on fire for days."

Mike Smith, chief executive of The Basketball League, is pleased to work with the NBA in development, but sees his main problem as moving the

demographic segments: NBA 24-7, on Thursdays at 8pm, is aimed at the after-school family viewer. "It's more a lifestyle show, for people who don't know the sport," explains Cohen.

NBA Raw, on Sunday mornings, has action highlights for an audience familiar with the MTV all-music channel. On Wednesday, late at night, NBA XXXL shows whole games, for serious supporters. If there are enough converts, XXXL will continue beyond its initial six-week run.

It is clear that 11-19 year-olds are the main target. They wear the gear already, now they need to embrace the game. The image-conscious league knows how to accentuate the positive. Charles Barkley can spit at fans and still do commercials; Magic Johnson is probably the world's most visible and accepted HIV-positive figure, and now he is back on court. The NBA stars are larger-than-life.



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INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-5730573
● Koninklijk Concertgebouworkest: conductor Riccardo Chailly and pianist Maxim Vengerov perform the premiere to Wagenaar's *Dogemede* (Feb 14, 15)
● Nieuw Sinfonietta Amsterdam: with conductor Lev Markiz, cellist Toralf Schjoen and soprano Phyllis Cannan perform works by Beethoven, Schoenberg and Hindemith; 8.15pm; Feb 13

EXHIBITION
Stedelijk Museum Tel: 31-20-5732911
● Metz & Co. De creatieve jaren: exhibition focusing on the "department store of the avant-garde" Metz & Co. Between 1920 and 1960 several architects, furniture designers and artists were commissioned to create products for this firm. The display gives an overview of the designs and products that were made, including work by Gerrit Rietveld, Bart van der Leek, Sonia Delaunay, Willem Pinaas and Marcel Breuer; to Feb 18

BERGEN
CONCERT
Griffith Hall Tel: 47-55-216150
● Bergen Filharmoniske Orkester: conductor Hanne Lintu and pianist Hanne Lintu perform works by Haydn, Maxwell Davies and Hindemith; 7.30pm; Feb 15

BERLIN
CONCERT
Konzerthaus Tel: 49-30-203092100/01
● Cherubini Quartet: and oboist Heinz Holliger perform works by Weber, Mozart, Yun and Brahms; 7.30pm; Feb 16
● Deutsches Symphonie-Orchester Berlin: with conductor Leonard Statkin and pianist Lars Vogt perform Beethoven's Piano Concerto No.3 and Schubert's Symphony No.2; 8pm; Feb 17, 18
● Philharmonie & Kammermusiksal: Tel: 49-30-254860
● Berliner Philharmonische Orkester: with conductor Sir Simon Rattle and soprano Christine Schäfer and Christine Calma perform Mahler's Symphony No.10 and excerpts from Berlioz's *Béatrice et Bénédict*; 8pm; Feb 16, 17 (7pm), 18 (11am)
● Staatsoper Unter den Linden Tel: 49-30-2082861
● Peter Schreier: accompanied by pianist Christoph Eschenbach. The tenor performs songs by R. Schumann, including *Liederkreis* and *Dichterliebe*; 8pm; Feb 14

DRESDEN
CONCERT
Sächsische Staatsoper Dresden Tel: 49-351-49110
● Ein Deutsches Requiem: by Brahms. Performed by the Sächsische Staatskapelle, the Chor der Sächsischen Staatsoper Dresden and the Sinfonieorchester Dresden, conducted by Giuseppe Sinopoli. Soloists include soprano Angela Maria Bissi and baritone Alan Titus; 8pm; Feb 13, 14

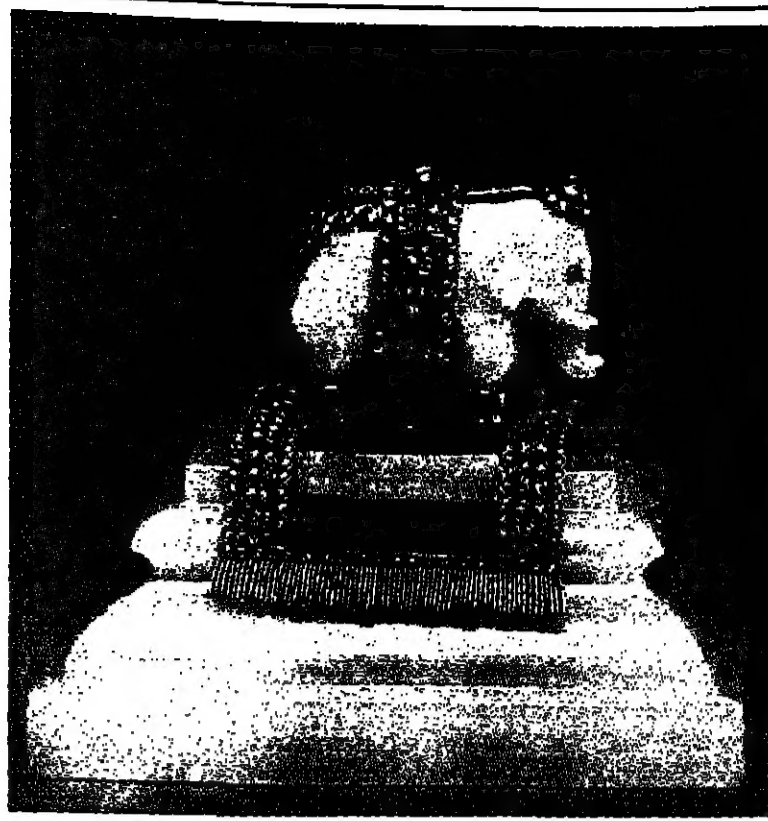
FRANKFURT AM MAIN
CONCERT
Alte Oper Tel: 49-69-1340400
● Sylvia McNair: accompanied by pianist Roger Vignoles. The soprano performs songs by Purcell, Schubert, Poulenc and Bizet; 8pm; Feb 13

GENEVA
CONCERT
Victoria Hall Tel: 41-22-3283573
● Orchestre de Chambre de Lausanne: with conductor Marcello Viotti, the Chœur de Chambre Romand and the Chœur Pro Arte de Lausanne perform Schubert's Symphony No.3 and Mass No.6. Soloists include soprano Etrat Ben-Nun, mezzo-soprano Elisabeth Graf, tenors Christoph Prégardien and Christoph Homberger, and bass Michel Brodard; 8.30pm; Feb 12

GOTHENBURG
CONCERT
Göteborgs Konserthus Tel: 46-31-7787800
● Sveriges Radios Symfoniorkester: with conductor Mikhail Pletnev and cellist Mischa Maisky perform works by Ljadov, Tchaikovsky and Prokofiev; 3pm; Feb 17

HAMBURG
CONCERT
Musikhaus Hamburg Tel: 49-40-346920
● Philharmonisches Staatsorchester: with conductor Gerd Albrecht and cellist Mischa Maisky perform Haydn's Cello Concerto No.1, Sibelius' Symphony No.1 and the world premiere of Huber's *En face*

CHICAGO
CONCERT
Orchestra Hall Tel: 1-312-435-6666



'Elephant Bell Push'. From the Fabergé in America exhibition, New York

● Chicago Symphony Orchestra: with conductor Daniel Barenboim, the Chicago Symphony Chorus, mezzo-soprano Markella Hatziano, soprano Laura Aikin, tenor Peter Schreier and bass René Pape perform Bernstein's *Symphony No.1* (Jeremiah) and Beethoven's *Christus am Ölberge*; 8pm; Feb 15, 16, 17

OPERA
Civic Opera House & Civic Theatre Tel: 1-312-332-2244
● Faust: by Gounod. Conducted by John Nelson and performed by the Lyric Opera of Chicago. Soloists include Richard Leech, Samuel Ramey, Renée Fleming and Dmitri Hvorostovsky; 7.30pm; Feb 11 (2pm), 14, 16, 18, 23

COPENHAGEN
OPERA
Det Kongelige Teater Tel: 45-33 14 10 02
● Ariadne auf Naxos: by R. Strauss. Conducted by Hans E. Zimmer and performed by the Royal Danish Opera. Soloists include Mechthild Gessendörfer, Peter Lindroos and Gitta-Maria Sjöberg; 8pm; Feb 16

HELSINKI
EXHIBITION
Ateneumin Taidemuseo - Art Museum Tel: 358-0-173361
● Akseli Gallen-Kallela (1865-1931): retrospective exhibition devoted to the work of the Finnish artist; from Feb 15 to Jun 2

INDIANAPOLIS
CONCERT
Warren Performing Arts Center Tel: 1-317-888-8061
● Indianapolis Symphony Orchestra: with conductor/pianist Philippe Entremont perform Prokofiev's *Symphony No.1*, Tchaikovsky's *Roméo and Juliet* and Franz Liszt's *Concerto No.2*; 8pm; Feb 15 (7.30pm), 16, 17 (also 5.30pm)

LEIPZIG
OPERA
Oper Leipzig Tel: 49-341-1261261
● Carmen: by Bizet. Conducted by Jiri Kout and performed by the Oper Leipzig and the Gewandhausorchester. Soloists include Cornelia Helfrich, Zsuzsanna Bazzilika, Gertrud Hoffstedt, Ernesto Grisales, Tomas Möwes and Jörg Schömer; 7.30pm; Feb 13
● Der fliegende Holländer: by Wagner. Conducted by Niklas Berezka and performed by the Oper Leipzig and the Gewandhausorchester; 8pm; Feb 18

LONDON
CONCERT
Barbican Hall Tel: 44-171-6388891
● London Concert Orchestra: with conductor David Arnold and guest singers Jacqui Scott and Samuel Kane in the programme *Immortal Love Music for Valentine's Day*. Lovers, including works by Garshwin, Lloyd Webber, Claydeman, Lennon and Harrison; 7.30pm; Feb 14
● London Symphony Orchestra: with conductor Myung-whun Chung and mezzo-soprano Ann Marie Owens, tenor Sergei Larin, bass Stephen Richardson and the London Symphony Chorus perform works by Dvořák and Janáček; 7.30pm; Feb 11
● Royal Albert Hall Tel: 44-171-5823861
● Dream of Gerontius: by Elgar. Performed by the Royal Philharmonic Orchestra with conductor Sir Charles Mackerras. Soloists include soprano Jean Rigby, tenor Keith Lewis and bass John Tomlinson; 7.30pm; Feb 11
● St John's, Smith Square Tel: 44-171-2221061
● Truls Mork and Havar Gimsa: the cellist and pianist perform works by R. Schumann, Prokofiev and R. Strauss; 1pm; Feb 12
● Wigmore Hall Tel: 44-171-9352141
● Andrés Schiff: the pianist performs works by Haydn and Bartók; 7.30pm; Feb 12

EXHIBITION
National Gallery Tel: 44-171-4728855
● At Home with Constable's *Confidant*: since it was acquired in 1837, Constable's *Confidant* has become one of the gallery's most popular and frequently reproduced paintings. This exhibition brings together reproductions of the picture in prints and on household objects and examines how the owners of such things respond to the image; from Feb 14 to Apr 21

LOS ANGELES
EXHIBITION
Los Angeles County Museum of Art Tel: 1-213-857-6522
● David Hockney: A Drawings Retrospective: the first important museum exhibition dedicated to the drawings of this British artist, who is especially known for his paintings of life in southern California. The show includes about 150 drawings and sketches, books, works are drawn from museum and private collections as well as loans from Hockney's collection; from Feb 15 to May 5

LUXEMBOURG
THEATRE
Théâtre des Capucines Tel: 352-224506
● Mutter Courage und ihre Kinder: by Bertolt Brecht. Performed by the Westfälisches Landestheater; 8pm; Feb 18, 19

LYON
CONCERT
Opéra de Lyon Tel: 33-72 00 45 45
● Sylvia McNair: accompanied by pianist Roger Vignoles. The soprano performs songs by Purcell, Schubert, Poulenc and Bizet; 8.30pm; Feb 16

MADRID
CONCERT
Auditorio Nacional de Música Tel: 34-1-3370100
● Orquesta Nacional de España: with conductor Rafael Frühbeck de Burgos perform works by Schubert and R. Strauss; 7.30pm; Feb 16, 17, 18 (11.30am)

MILAN
CONCERT
Teatro alla Scala di Milano Tel: 39-2-72003744
● Maurizio Pollini: the pianist performs sonatas by Beethoven; 8pm; Feb 12

MUNICH
CONCERT
Philharmonie im Gasteig Tel: 49-89-4809506
● Mozart's *Orchestra Salzburg*: with conductor Enoch zu Guttenberg and clarinetist Michael Lethiec perform the overture to Mozart's *Die Zauberflöte* and his *Clarinet Concerto* in A major, and Beethoven's *Symphony No.3*; 8pm; Feb 14

OPERA
Nationaltheater Tel: 49-89-21851920
● Don Pasquale: by Donizetti. Conducted by Maurizio Barbacini and performed by the Bayerische Staatsoper. Soloists include Enrico Serra, Martin Gartner, Kurt Streit, Helen Kwon and Gerhard Auer; 7pm; Feb 14, 18

NAPLES
OPERA
Teatro di San Carlo Tel: 39-81-7972111
● Werther: by Massenet. Conducted by Giampaolo Sanzogno and performed by the Teatro di San Carlo. Soloists include Alfredo Kraus, Anna Caterina Antonacci, Roberto Servio and Andrea Snarsky; 8.30pm; Feb 15, 18

NEW YORK
CONCERT
Alice Tully Hall Tel: 1-212-875-5050
● Emanuel Ax, Yo-Yo Ma and Friends: a concert of chamber music by pianist Emanuel Ax, cellist Yo-Yo Ma, violinist Pamela Frank, viola player Rebecca Young, double bass-player Edgar Meyer, soprano Barbara Hendricks and the Schubert Trio Quintet; 8pm; Feb 14
● Garrick Ohlsson: the pianist performs works by Chopin; 2pm; Feb 11

OSLO
CONCERT
Oslo Konserthus Tel: 47-22-834510
● Oslo Filharmoniske Orkester: with conductor Marek Janowski and soprano Anne Lise Berntsen perform excerpts from Berg's opera *Wozzeck* as well as his Three Pieces for Orchestra, and Schubert's *Symphony No.9*; 7.30pm; Feb 15, 16

PARIS
CONCERT
Cité de la Musique Tel: 33-1 44 84 45 00
● Te Deum: by Berlioz. Performed by the Orchestre du Conservatoire de Paris with conductor Colin Davis, the Chœur de l'Orchestre de Paris, the Chœur de l'Armée Française and others; 200 musicians and 600 singers join in this concert celebrating the 200th anniversary of the Conservatoire de Paris; 8pm; Feb 12
● Théâtre des Champs-Élysées Tel: 33-1 49 52 60 50
● La Forza del Destino: by Verdi. Concert performance by the orchestra and choir of the Kirov Opera, conducted by Valery Gergiev; 7.30pm; Feb 15

ROME
CONCERT
Accademia Nazionale di Santa Cecilia Tel: 39-6-3611064
● Orchestra dell'Accademia di Santa Cecilia: with conductor Franz Welser-Möst and clarinetist Richard Stoltzman perform works by Bernstein, Takemitsu and Stravinsky; 5.30pm; Feb 11, 12 (9pm), 13 (7.30pm)

SAN FRANCISCO
CONCERT
Herbst Theater Tel: 1-415-398-6498
● Barbara Bonney: recital by the soprano, accompanied by pianist Warren Jones; 8pm; Feb 13
● Louise M. Davies Symphony Hall Tel: 1-415-884-8000
● Symphony No.2: by Mahler. Performed by the Boston Symphony Orchestra, conducted by Seiji Ozawa; 8pm; Feb 13

SYDNEY
OPERA
Sydney Opera House - Concert Hall Tel: 61-2-250-7111
● Fidelio: by Beethoven. Conducted by Richard Hickox and performed by the Sydney Opera. Soloists include Wendy Dixon, Kathryn McCusker, Horst Hoffmann and Michael Terry; 7.30pm; Feb 14, 17, 21, 24 (1pm)

VIENNA
OPERA
Wiener Staatsoper Tel: 43-1-514442360
● Peter Grimes: by Britten. Conducted by Mstislav Rostropovich and performed by the Wiener Staatsoper. Soloists include Nancy Gustafson, Anna Gonda, Neil Shicoff and Wicus Slabbert; 7.30pm; Feb 12, 17

WAGNER
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Nationaltheater Tel: 49-89-21851920
● Don Pasquale: by Donizetti. Conducted by Maurizio Barbacini and performed by the Bayerische Staatsoper. Soloists include Enrico Serra, Martin Gartner, Kurt Streit, Helen Kwon and Gerhard Auer; 7pm; Feb 14, 18

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Royal Academy of Arts Tel: 44-171-4397438
● Frederic, Lord Leighton
1830-1896: A Centennial Exhibition: retrospective exhibition of the work of the Victorian painter Frederic, Lord Leighton, president of the Royal Academy from 1878 until his death in 1896. The exhibition consists of about 60 paintings, accompanied by a group of sketches and drawings, and 40 landscape oil sketches. Leighton's principal sculptures will also be shown, with a selection of the working compositional figure models which he left to the Royal Academy; from Feb 16 to Apr 21

Victoria & Albert Museum Tel: 44-171-9388500
● Leighton Centenary Celebrations: exhibition on the occasion of the centennial of the death of Frederic, Lord Leighton (1830-1896). The centrepiece will be the newly restored fresco *The Arts of Industry Applied to War and the Arts of Industry Applied to Peace*. These works are among the most important public commissions of the Victorian era. Related displays will look at Leighton's working practices, his work as a book illustrator and photographer; from Feb 15 to Sep 8

London Coliseum Tel: 44-171-3360111
● Tristan und Isolde: by Wagner. Conducted by Mark Elder and performed by the English National Opera. Soloists include George Gray, Elizabeth Connell, Susan Parry and Gwynne Howell; 8pm; Feb 14, 20, 24 (4pm)

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James Morgan

Gorra minute to read this, then?

You have? Then remember, linguistic permissiveness has its own immorality

Every year in Britain, a notable figure gives what are known as the Reith lectures on the radio. So it was on Tuesday evening that I settled down to listen to Jean Aitchison, Rupert Murdoch professor of language and communication at Oxford, to hear why we should welcome change in language.

The argument in favour of accepting change is easily stated: language always has changed and always will. English always "tidies things up," as Aitchison puts it. Thus "graffiti," although plural in Italian, has become singular in English - so the sentence "graffiti is ugly" is fine.

Curiously, the professor used the word "media" as a plural in her lecture. She pointed out that we have got rid of some curious plurals in the past, so why not get rid of more?

On the other hand, we have kept some - oxen, feet and men, to name but three. But maintaining such plurals is desirable not just as some linguistic museum piece but as a reflection of the way our minds work.

I am indebted to another linguist, Stephen Pinker, for his insights. In his marvellous book *The Language Instinct*, he writes of the secret rules we all obey. We will say that a cat makes claw-marks on a door. We cannot say claws-marks. Yet, the same cat may also leave teeth-marks, not tooth marks, on the leg of lamb it has gnawed illicitly. We automatically use the plural for a word which changes its stem when pluralised.

Here is another oddity. There is an ice hockey team called the Toronto Maple Leafs. That is very peculiar indeed - nearly as peculiar as Toronto Maple Leaves. We cease using the normal plural of "leaf" because we are talking about ice hockey and not about leaves.

To Aitchison, this would be a purely arbitrary rule - like the double negative making a positive. For that, we have to thank a bishop who ruled that "I don't know nothing" really means "I do know something". This so-called arbitrariness conflicts with usage in Latin languages but happily reflects the Germanic roots of English.

Private View Defender of the citizens' force

Christian Tyler meets John Alderson, the 'thinking' policeman

Law and Order is the stick with which an ailing British government hopes to beat off the Labour challenge - or so John Major, the prime minister, has made plain.

Less order means more law. And if New Labour does not like the formula much, it is forced to sit on its hands for fear of seeming soft on crime.

But crime and punishment should not be wielded like a political truncheon, says John Alderson, a former senior policeman. We have gone too far down that road. "It's time to start asking some other questions."

A wet liberal policeman? Not exactly. A wartime physical training instructor who lectures on human rights; a former boxer and rugby full-back who quotes Kant and Bertrand Russell; a tough-guy intellectual who qualified as a barrister and read Karl Popper and John Rawls; today he is the country's leading policeman-philosopher.

I met Alderson at home in Devon, where he was once chief constable, striding about in sharply creased grey flannels with the vigour of a man half his age (he is 73). He talked with great intensity, fixing his eyes on a point just above the skirting board.

Alderson seems a courteous, decent man. He does not, however, pull his punches. M5 he calls "the secret political police". The parliamentary bill which would allow M5 to do police work he describes as a recipe for a Gestapo.

Curbs on the prisoner's right of silence, the promised introduction of identity cards and a failed attempt to set up a national police force he regards as "symptoms of incipient Fascism".

When I accused him of trying to shame his enemies with high moral tone, he replied: "My strength comes from the fact that all my beginnings have been humble."

"I mean, I was a private soldier in an unfashionable regiment. I was a constable in an industrial part of south Yorkshire. I've rolled around in the sawdust on a Saturday night with miners - who are quite tough."

"I haven't been brought up in a kind of rarefied atmosphere. I've had to search for these things. All I can tell you is my experience. I've done it."

He was born in Barnsley, the Yorkshire mining town, to a "bourgeois" trader family. His grandfather had been Conservative mayor and chairman of the football club.

He learned his self-reliance the hard way: he was seven when his father died, leaving his mother to bring up John, four girls and a baby brother.

"But I survived. I developed self-confidence from the circumstances. I was, literally, a man almost overnight. When I was 14 my mother bought me a trilby. She would make me walk on the outside of a lady, make me raise my hat to a lady, be a gentleman. I could see what she was doing. She was making me her right-hand man."

He found a second family in the army, first as a private of the Highland Light Infantry, later as a sergeant-major with battle-training duties in north Africa and Italy. It was a simple choice to join the police afterwards.

Nicknamed "Garth" because of his enthusiasm for physical fitness, Alderson was from the start regarded as different.

Different how? "As somebody who reads books and who questioned the morality of issues when he should be getting on with the job."

Was that a handicap? "No, I could get mixed up in a brawl as a sergeant or constable, and these were 'chinks'. Even if my ideas became a bit odd I could still beat most of them in the street when it came to it."

After reading for the Bar at the Middle Temple, Alderson won a fellowship in Australia.



John Alderson at home in Devon: reading Gibbon's 'History of the Decline and Fall of the Roman Empire' was a turning point in his life

where his irreverence was only confirmed. "There I learned that sometimes the most loyal people are those prepared to speak out," he said.

On the brink of a legal career, he was promoted rapidly through the police ranks. His interest in the law was sharpened by a spell as a police prosecutor and by reading Gibbon's *History of the Decline and Fall of the Roman Empire*.

"It was one of the great turning points. I was never quite the same after reading that." From Gibbon he derived a respect for the power of ideas and what he called "the capacity of man to rise above the squalor".

Gibbon taught him to admire Theodora, wife of the Byzantine emperor Justinian. "Because I grew up with girls and my mother, I've always respected women," he added. "I think that makes a man. I regard it as even more important in today's society that these feminine virtues should be deployed."

thinks the party is insufficiently robust.

His fundamental conviction is that in a country such as Britain the police can only combat crime with the people's consent. The men in blue must be seen as the citizens' force, not as a paramilitary arm of the state. It is a distinction which too few policemen understand, he said.

"Folklore intensely dislike disorder. Their antennae go up because they think it's a challenge to their authority, their masculinity."

"Of course, you've got to order people. To me that is a huge power. The first time I ever arrested anybody I felt this flush of power going through me. Here was another human being like me but totally in my power."

"But I always acknowledge that if you can't use violence - or 'force', to dress it up in a semantic frock - you can't be a policeman. That means violence even to the point of having to kill somebody in very rare circumstances. I've never jibbed at that."

His keyword is "protection". The police are there to protect citizens - ideas and values, too. Some police action may be immoral, even if legal, such as the policing of miners' picket lines. "The miners may have

been blind, but they weren't bad." As for the British police, they crossed a watershed during the last miners' strike. "It was their Vietnam."

Alderson is the pioneer of so-called community policing, where people ask what they want the police to do. He has lectured as far afield as China, written letters to dictators, and investigated police death squads in Brazil on behalf of Amnesty International.

Was Britain's problem an authoritarian government or a lawless society?

Alderson was indirect. "I have seen riot squads on duty where middle-aged ladies were protesting about cruelty to sheep and calves," he said. "I would far rather have seen one policeman in a helmet saying, 'You can't do this, folks, it's not fair'."

"If you meet these disturbances with supreme force you're only suppressing something which you'll have to deal with anyway." Riot squads were sometimes necessary. "But they delude us into thinking we can get by in a defective society by having battalions of policemen."

Where there was juvenile delinquency, we should try to understand its causes. "Don't get me wrong. I was a policeman for 36 years and I know

there are some very bad people who do very bad things and they have to be locked away. I accept all that. But I do not accept that the answer to the bulk of our juvenile delinquency is locking them up. It just doesn't work."

"What the public want is reassurance. They don't necessarily want positive, cruel policing. Look at the outburst over the manning of pregnant women prisoners."

Perhaps, I said, you are just a nostalgic conservative.

"It's an interesting comment. Thank you very much for making it. But I believe in the brotherhood of man - that if a man is being tortured in a jail in Beijing now, it is my concern."

To deal with law and order we must learn to understand humanity, have faith in human decency, and use force only in extreme cases.

"You hear siren voices saying, 'Give me your freedom and I will deliver you from your dilemma'. Well, these are

demagogues. Our leaders don't seem to be able to marshal the language of decency. They marshal the language of power."

"We really do need philosophers, people who can articulate our values for us, not in a party political sense but in a civic sense. Unless we do this we're going to need more policemen, more powerful policemen, more highly equipped policemen."

"We're going to lose. And it's not going to be nice."

For the most influential theatre reviews in London, see The Times, The Evening Standard or the concierge at The Savoy.

Magic, memory and videotape

Peter Aspden



I have a recurring argument with an old school friend which has lasted the best part of 25 years. It concerns the football team which we both support, although it applies to any aspect of art or culture which has been dragged through the vivid technological changes of the years since the second world war.

The argument always occurs when we reminisce about the goals we witnessed in our childhood on the terraces. It is standard practice, during such Proustian reveries, to grade them in terms of historical importance, degree of difficulty or, more controversially, aesthetic merit.

And here the argument begins: for he bemoans the fact that television cameras were not around then to record every single goal for posterity, for we could then settle the issue. I counter that the cloudiness of the image in our minds is a quintessential part of the whole experience: a misty tribute to the fleeting moment.

Such is life, I say. It comes, it goes, and although one tries to hang on to those sublime fragments, one cannot preserve them. To capture a great moment of sport, or art, or even life on camera is to begin to destroy it.

My friend tells me I am a Luddite, a romantic. And I have to admit that I enjoy re-viewing on television classic moments I have been privileged to watch at first-hand. But I do so with heavy heart, knowing that each new viewing takes away some of the magic.

Take another form of culture which relies heavily on the ephemeral, transcendent moment: opera. Talk to those who were lucky enough to see Maria Callas at the peak of her powers, and you will be regaled with tales of incomparable, spine-tingling performances. Crucially, Callas lived just before the age of widespread television coverage; a happy piece of timing which was guaranteed to catapult her into legend.

There is only one complete act of opera featuring Callas on film - Act Two of *Tosca* from Covent Garden - and she was already past her best. As for the rest, we can only listen to old recordings, stare at still photographs and imagine. The scratchy, hissing pieces of tape by which we are destined to remember Callas can, thankfully, only evoke a fraction of the mystique.

Would we feel the same about her if every piece of work she had performed had been recorded on high-quality video-tape, to be endlessly re-cycled and re-packaged for jaded markets? In short, could she have survived the Pavlov effect? Her record company, EMI, is trying to bring her into the technological revolution by preparing an inter-active CD-Rom programme, but, with such limited footage available, what chance does it have beside the testimony of those fortunate witnesses to her genius?

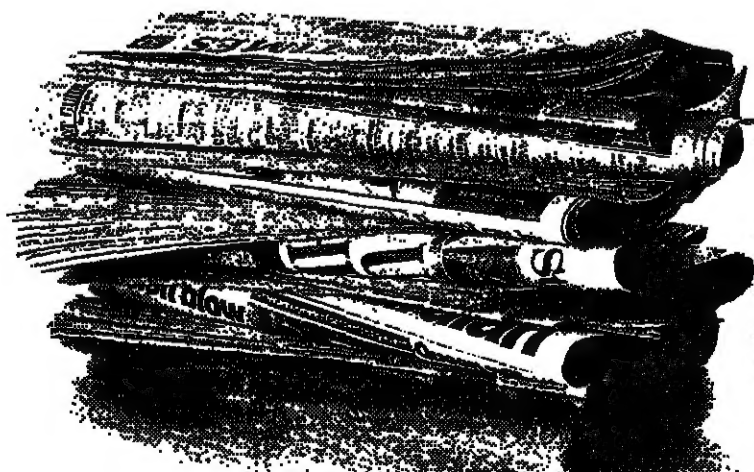
Having thus digressed into alien fields (for it is a boring match we are watching), my line of argument soon comes to its logical conclusion: that there ought to be some kind of ban on television cameras from recording too many wonderful moments.

They would be allowed into the Olympic Games, for instance, but they would only be able to record an event

from one angle, in normal speed, and replays would be banned altogether. That way, we would recover our sense of a 100-metre race lasting 10 seconds, and no more. We would be spared all those silly slow motion images of the sprinters' cheeks flopping up and down, and those wild-eyed lurches for the line would remain hidden to all but the man who holds the finishing tape in his hand.

Arts events are trickier: you could film singers or musicians who showed promise, but once they became accomplished you would have to ration media access. If they became world class, you could come and capture their efforts, say, once a year, and the tapes could be locked up in a vault for 30 years.

That way, if you heard on the grapevine about a great artist, be it in the sports stadium or the concert hall, you could only check out the rumour by queuing for days for a ticket, to see and hear for yourself. It would bring passion, intensity, fanaticism back to our lives; for some things should never be enjoyed from the plump safety of an armchair.



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WEEKEND INVESTOR

Last week's preliminary results

Company	Year	Pre-tax profit	Dividend
Amalgamated	1995	153.33 (151.72)	2.22 (2.22)
Amalgamated	1995	278.1 (25.1)	-
Amalgamated	1995	253 (18)	8.8 (8.8)
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Results due next week

Company	Year	Pre-tax profit	Dividend
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Last week's interim results

Company	Year	Pre-tax profit	Dividend
Amalgamated	1995	153.33 (151.72)	2.22 (2.22)
Amalgamated	1995	278.1 (25.1)	-
Amalgamated	1995	253 (18)	8.8 (8.8)
Amalgamated	1995	253 (18)	8.8 (8.8)
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In the Pink

Food for thought in a world of constant change

Growth in demand is affecting prices of what we eat, especially for those in countries exposed to the free market, says Stephen Lewis

Stephen Lewis is director of research at the London Bond Broking Company

It is a truism that farmers are always complaining. Even so, the only complaint which arable farmers in North America and western Europe can now have is that their governments did not permit them to plant more acreage last year.

Prices have been soaring for several months on the world grain market. It could easily have absorbed the extra supplies which more expansive production policies would have yielded. But "Setaside" plans, designed to cope with the global grain surplus in the late 1980s, have stopped farmers in the US and European Union from taking advantage of favourable markets.

World food prices on commodity markets have risen by more than 20 per cent on average over the past year, paced by gains of 70 per cent in some grades of wheat. For the moment, EU consumers are cushioned from these higher prices by the operation of the common agricultural policy (CAP). Consumers in countries exposed directly to the free market have been less fortunate. They are seeing their food costs mount already.

The grain price surge was triggered when 1994 drought conditions in the southern hemisphere severely curtailed sales from such important grain suppliers as Australia and Argentina. At the same time, there was a rise in demand as harvests failed in Russia and Ukraine.

Because US and EU policies were aimed so firmly at curbing output and reducing stocks, farmers in those areas could not respond quickly to the sudden lift in the supply/demand balance. Prices rose relentlessly to coax every

Previously, China has not had the financial resources to be a permanent net importer of food. The authorities now have all the money they need to finance grain imports

trialisation will follow. Successive rounds of trade liberalisation have given better access for their manufactured exports in the developed markets. They can build up foreign exchange reserves and are able to buy the food they need from foreign producers.

For the past 20 years, the balance between supply and demand in food has depended on half the world's population having less to eat than it would like. This is changing.

The US Agriculture Department belatedly is shifting its policy on grain production to encourage American farmers to plant more. But much of the land taken out of production in recent years has been put to other uses.

measures that would increase production although, over time, CAP prices are likely to keep pace with the surge on the world market.

The buoyancy in grain markets is not good news for all farmers. Those who rely on grain to feed livestock will feel relentless pressure on their costs. This could prompt some of them to slaughter their animals. In the near term, that would create a glut in meat markets, although at the cost of shortages later.

Consumers are unlikely to enjoy the advantage of cheap meat for long.

The brighter long-term prospects for grain prices should generate better demand for the land on which grain crops can be grown. Arable land prices, which have been in the doldrums in the UK for the past decade, could well be due for a sharp increase although land suitable only as pasture is unlikely to share in this upswing.

Other beneficiaries of the rise in arable farmers' incomes will be suppliers of goods used in grain production, such as farm machinery and fertilisers.

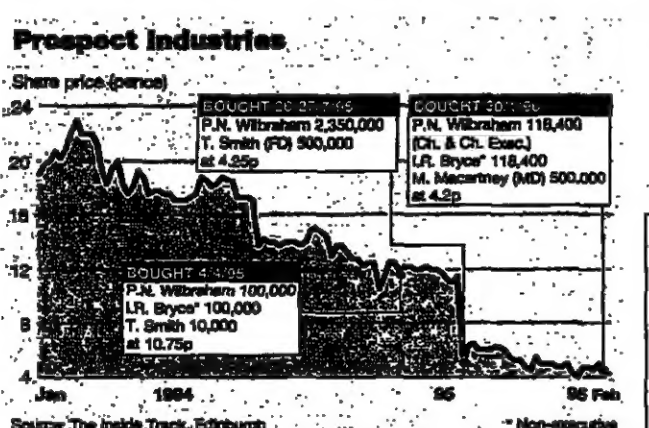
If food prices rise generally, the trend towards organic production is likely to be reversed. Consumers will be more price-sensitive and less able to afford a premium for the organic variety.

In the gilt-edged market, a boost to inflation from food prices would upset fixed coupon stocks but index-linked securities would afford some protection.

Thus, the shift in the food balance will have important consequences for investors generally and will affect farmers most of all. The arable producers will probably stay unusually quiet as they enjoy a substantial rise in incomes. It is the hard-pressed livestock farmers who will be voicing complaints.

Directors' dealings

Prospect Industries' share performance has been less than spectacular since its IPO. Following the announcement last month of results at Eurocom, directors have disposed of 300,000 shares at 233p each - the largest sale of the week. Gordon Harman, a non-executive director, cut his holding by about a third but retains substantial stock.



Source: The Inside Track, Edinburgh

Directors' share transactions in their own companies

Company	Director	Shares	Value	No. of Directors
SALES				
Academy & Hymans	10,000	25	1	
Alphamex	200,000	70	1	
Boovote Int	10,000	42	1	
Boyle Bros	30,000	160	1	
Eurocom Plc	300,000	889	2	
Fore	1,079,597	19,122	2	
London Electricity	3,200	23	1	
London Stock Bank	30,000	91	1	
Mercury Asset Mgmt	10,000	90	1	
Pet Clin	100,000	365	1	
Royal Bank of Scot	13,500	70	2	
Scottish Radio	7,500	22	1	
Selon Healthcare	60,848	293	4	
Waste Waste Systems	5,575	29	1	
Cohen A & S	3,000	18	2	
Fore	1,291,000	9,108	5	
McKenzie	10,000	45	1	
PURCHASES				
Abacus Asset Mgmt	10,000	10	1	
Brit Stockstock Adv	25,000	34	1	
Brooks Services	20,000	17	1	
Cardiff Prod	20,000	28	1	
Chemical Hides	41,686	12	2	
Daily Mail & Gen	7,500	102	1	
Daily Mail & Gen	10,000	145	1	
Dawson Holdings	1,000	11	1	
Fincham World Pharm	15,000	18	1	
Grothead Group	41,212	30	1	
Grand Metropolitan	5,000	38	1	
Inspections	40,000	38	1	
New London Capital	15,000	12	1	
Nor Atlantic Em Co	4,000	13	1	
Prospect Ind	730,000	29	0	
Seas	25,000	24	1	
Supermarine VR	4,737	20	1	

Companies must notify the Stock Exchange within the working days of a share transaction by a director. This list contains all transactions (bought and sold) including exercise of options (if 100% subsequently sold, with a value over £10,000). Information released by the Stock Exchange January 29 - February 2 1995. Shares traded are ordinary, unless otherwise stated. + = Non-Voting. Source: The Inside Track, Edinburgh, 0151-558 7070

New issues

Specialist electronic component manufacturer Integrated Optical Components International is hoping to raise £25m through a placing and open offer in a move which is likely to value the group at around £30m, says Chris Whelan. The company, which issued its pathfinder prospectus this week, is applying to join the Alternative Investment Market early next month.

The money is to be raised through a placing by stockbroker Henry Cooke, Lumsden. Shares are also being allocated to private shareholders and a telephone service has been established with Sharelink, the execution-only broker. IOC designs and supplies optoelectronic components based upon lithium niobate chips. Its main product modules light passing down a fibre optic strand to enable it to carry information. Pre-tax profits of £25,000 in 1995 compared with losses of £100,000 the previous year. Turnover in the same period rose from £100m to £1.2m. But results for the final quarter show profits of £24,000 on sales of £208,000. The order book stands at £1m.

IOC was formed in 1991 by Mike Powell, now managing director, Adrian O'Donnell, technical director, and Jake Dodson, production director, all formerly with GEC Marconi. The management holds a 25 per cent interest in the shares and foresees only a slight dilution on flotation.

Streamline, the specialist building materials group, has issued its pathfinder prospectus for its coming flotation, forecasting pre-tax profits for 1995 of £13m, against £10.2m previously. The company, which supplies items such as traffic cones for highways in the UK and France, is hoping for a valuation of more than £100m. Streamline was a £72m management buy-out from Shell in 1993. It hopes to raise £20m in new money.

Alternative Investment Market Blaggs makes move into telecoms

Growing confidence in the Alternative Investment Market was underlined this week with news that Blaggs, a listed Midlands-based building materials group, is transforming itself into a telecommunications services company and applying for a listing on the new junior market, writes Christopher Price.

The £30m deal, which was signalled in September, involves the delisting of the company's shares from a full quotation and their admission to AIM as Freepages Group. Blaggs shares have been suspended at 17.5p, pending shareholder approval. Freepages is a private company which provides a freephone classified information service. It incurred pre-tax losses of £1.3m on sales of £1.6m in the year to September 30. But

The week ahead

group's plans for long-term growth. WEDNESDAY: The 1995 results from Lloyds Abbey Life, the life insurer, start the three-day spate of numbers from the Lloyds TSB Group. On Thursday, Cheltenham & Gloucester, which became the group's mortgage lending arm on August 1, gives its results, while those for the group as a whole - which was formed on December 28 by the merger of Lloyds Bank and the TSB Group - will be published on Friday. Analysts estimate pre-tax profits for the combined operation will run at something over £20m.

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Weekend Investor

Wall Street

It's all a matter of bottoms on seats

Both cabbies and the stock exchange are admitting new recruits. Maggie Urry reports

Tax-ee! It could soon become a little bit easier to buy a cab in New York City. The number of medallions - the badges representing licences needed to drive a cab - has not risen since 1937. Anyone wanting to set up as a taxi driver has to buy a medallion from an existing owner, and there is an active secondary market in them.

In the past 20 years, the price of a medallion for a corporate buyer has risen tenfold, from \$22,000 in 1975 to around \$225,000 in 1995. Just buying one might seem a good investment. Now, the city is to auction 400 new ones, which would increase the pool by 3.4 per cent.

Budding economists may care to consider the effect this would have on prices of existing medallions. Their calculations should factor in a fare rise the City has approved recently which will add 30 per cent to the price of the average trip.

The same economists might examine the pricing of a seat on the New York Stock Exchange. There, too, the number of seats has been fixed for years - since 1953, there have been 1,366 of them.

The value of a seat depends largely on the amount of money that can be made from it. That, in turn, reflects the volume of trading on the stock market.

On Monday this week, a seat changed hands at a record price of \$1.25m. That beat the previous record of \$1.15m paid less than a month before the October 1987 market crash. It is also double the price of \$625,000 paid for a seat in 1929, the year of the most famous of Wall Street's crashes.

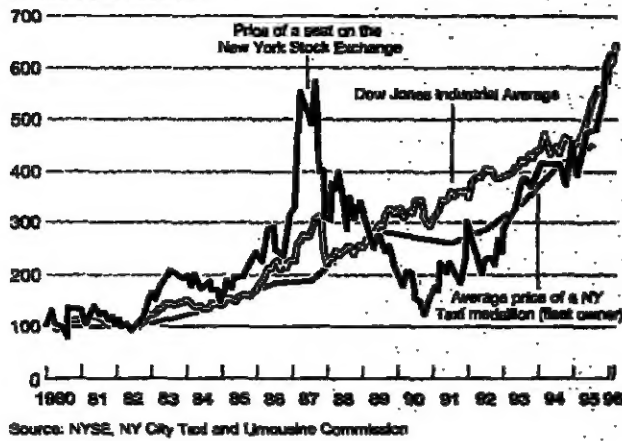
Seat prices are volatile. Indeed, there was a period in the mid-1970s when a taxi medallion cost about the same as a NYSE seat. After the 1987 crash the price fell sharply, as the chart shows, reaching a trough of \$250,000 in 1990.

With the market up so strongly, and trading activity at record levels, seats are in high demand again. Unlike New York's Taxi Commission, the NYSE is not planning to increase supply. But nor are prices for transacting business rising, either.

The bears suggest that the record seat price achieved this week signals that the stock market is nearing a peak. But bulls can respond that the

The cost of a ride on the NY exchange

Rebased Jan 1980=100



level of the market now is far higher than it was in 1987. A ratio of the price of a NYSE seat to the Dow Jones Industrial Average - let's call it the Urry ratio - suggests that a seat is cheap at present.

On the day in September 1987 when the previous record was set, the Dow stood at 2482.52, giving an Urry ratio of just under 0.5. On Monday with the Dow closing at 5407.59, the Urry ratio for the seat was less than 0.25. And in 1929, when the Dow peaked at 381, the Urry ratio stood at a hefty 1.6. On that basis, a stock exchange seat is still cheap.

Peter Canelo, market strategist at NatWest Markets in New York, believes the stock market can move a lot higher yet. He says there are huge flows of money coming in, and that this liquidity is driving prices higher.

"We have the ingredients for an explosive rise," he adds. Indeed, the increase lately has been sudden, with the Dow racing through 100-point barriers in a matter of days.

Heavy trading flows mean good business for stock exchange seat-holders. The flows are shown by the pattern into which the market has settled recently, drifting lower in the morning and rising sharply in the afternoon. Any weakness in share prices seems to bring out the buyers in force.

Canelo reckons that investors are banking on the Federal Reserve easing monetary conditions significantly further through more interest rate cuts. But he thinks the market is expecting too much and personally is predicting only another one or two quarter-

point cuts.

Weak economic data recently, which has raised fears of a recession, has been caused by the extreme weather, Canelo suggests. And he feels the economy will turn out to be doing better than the market consensus suggests.

He does not expect the Fed to do an about-turn and increase rates again when the economic bounce becomes apparent. But he does think that the market will meet a setback later in the year as it runs out of good news on interest rates.

Stephen Roach, chief economist at Morgan Stanley, agrees that many believe rates will fall forever, both in the US and around the world, and that inflation is dead. "The next few months will test that wonderfully rosy scenario," he says.

Eventually, he expects there to be a realisation that the economy is not tipping into recession, that inflationary pressures have not vanished, and that the need for aggressive monetary easing is not there. That will disappoint the stock market.

The latest rise, he says, is the final leg of the bull market that has raged without a setback since 1990. As for the buyer of the NYSE seat this week, he adds: "The last guy in the door always loses money." Perhaps driving a taxi will prove more profitable in the end.

Dow Jones Ind Average	
Monday	5,407.59 + 33.60
Tuesday	5,459.61 + 52.02
Wednesday	5,492.12 + 32.51
Thursday	5,539.45 + 47.33
Friday	

London

What will lift the gloom?

Philip Coggan on why the city is looking so dull

Grey. Depressing. Chilly. No, that was not the weather report, it was the mood on the London stock market this week.

It did not seem to matter that Wall Street recorded all-time highs day after day. Nor did it help much that the takeover spree continued, with a bid battle for Lloyds Chemists and a £3bn merger in the media sector.

There was little evidence of substantial selling - just a steady retreat in the FT-SE 100 index, which by last night's close had shed 65 points, or 1.7 per cent, on the week.

The reason for the weakness depended on your point of view. Some pointed to the continued state of profits warnings, of which the most prominent came from Allied Domecq, the drinks group.

Other warnings came from Frowling, the housebuilder, Nurdin & Peacock, the wholesaler, and William Baird, the clothing group. In addition,

Coal Investments, a stock market high flyer in 1994, called in the administrators.

The results season gets into full swing in March and investors are concerned not only that 1995 figures will be disappointing but that chairmen will make gloomy statements about the prospects for 1996.

The UK economy does not appear to be in the best of health. Figures published this week showed that manufacturing output fell by 0.7 per cent in December and also recorded a decline between the third and the fourth quarters.

Nor can UK companies take succour from buoyant export markets. The Continental economy is slowing fast - German unemployment reached a post-war high in January - and the US is also showing signs of stumbling.

An alternative view of the recent weakness in equities can be found in the bond market. Gilts fell sharply on Monday - the 10-year benchmark issue dropped by more than a

point - and although they recovered later in the week, the 10 year yield has risen by around a third of a percentage point since January 19.

Bond yields have risen around the globe. The yield on the US 30-year Treasury bond, which not long ago was below 6 per cent, had risen to 6.35 per cent by Thursday night.

It seems that January's interest rate cuts in the US and Europe have caused a change of attitude in the bond market. According to Mark Brown, head of strategy and economics at ABN-Amro Hoare Govett: "The policy priority is seen to have moved away from controlling inflation and towards reviving the real economy."

In other words, the markets are becoming concerned that central banks and governments will overdo it, as they have often done in the past, in trying to avoid recession, and the eventual result will be the return of inflation. The recent surge in the gold price is seen as further evidence of inflationary pressures, although in reality it may have owed more to the peculiarities of the bullion market.



Depressing - no, not the weather but the mood in London

Part of the reason for the fall in equities this week, therefore, is that investors noticed that valuations had become stretched relative to bonds. By Monday night, the gilt-equity yield ratio had climbed to 2.2 compared with 2.04 at the start of the year. Furthermore, the real yield on index-linked gilts had come close to the yield on the All-Share index, normally a danger sign for equities.

The alert might notice that these two arguments seem contradictory; the earnings worries are recession-related whereas the bond worries are inflation-related.

They could both be justified - after all, the UK had stagnation in the 1970s - or it could merely be a matter of timing. The worst of all worlds might be a short sharp recession in 1996-97 followed by inflation in 1997-98.

One should not overdo the gloom. Chartists, such as Robin Griffiths of James Capel, say the bull market is far from over and Footsie is headed for 4,300 by the spring. And in spite of recent weakness, the broad market has been strong all year; by the end of Thursday advancing stocks had outstripped declining ones by more than 5,000 since the start of January. The FT Mid-250 index, which lagged behind the Footsie last year, is close to its all-time high.

Small company shares, which trailed behind their larger brethren in 1995, have overtaken the big stocks this year. This might seem odd, given that the UK economy is

weakening, but Amit Thakur, research accountant at ABN-Amro Hoare Govett, suggests a number of factors, including the outsourcing of operations by big companies and the potential for consolidation, for the phenomenon.

A good takeover might yet cheer Footsie up. This week's efforts did not succeed in doing so. This was partly because the two parties involved in the £2bn merger, United News & Media and MAI, were constituents of the Mid-250, not the leading index, and partly because the deal involved paper rather than cash. Furthermore, Gehe's bid for Lloyds Chemists, topping a rival offer from UniChem, had been widely expected.

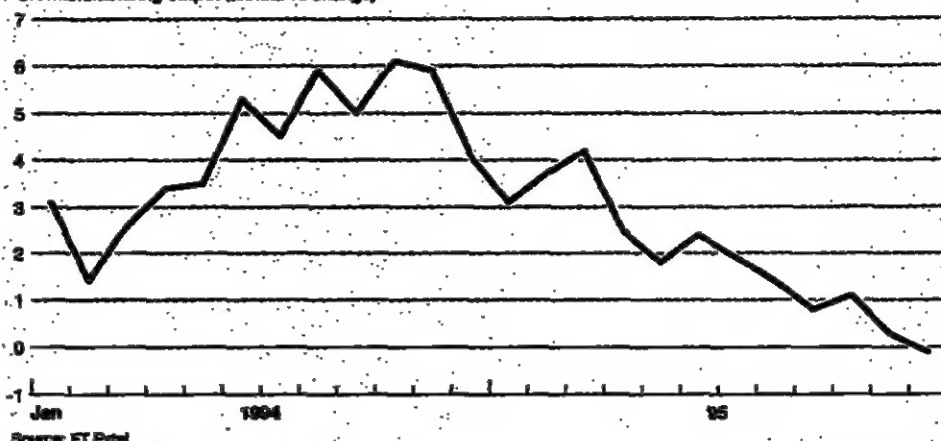
The surprise corporate news of the week, however, was British Gas's decision to demerge. Rather like Hanson's plan last week, the market initially reacted positively but then succumbed to a bout of scepticism about the merits of the deal. As with Hanson, investors seemed to be concerned that the separate subsidiaries might not be able to maintain the dividend paid by the group.

Once upon a time, a demerger seemed to be a means of unlocking the value of a company's constituent parts; but the past two weeks have shown that it has ceased to be an easy option.

If demergers are not the answer to the market's malaise, what is? It comes back to results again. A set of better-than-expected figures from leading companies would certainly help: so come on British Petroleum, Reuters, Shell and Lloyds TSB, which all report next week.

The economy slows sharply

UK manufacturing output (annual % change)



Highlights of the week

	Price	Change	22 week	52 week	
	YTD	on week	High	Low	
FT-SE 100 Index	3716.3	-65.0	3781.3	2977.0	Domestic economic concerns
FT-SE Mid 250 Index	4151.9	-3.3	4152.2	3900.9	Takeover support
Bovis	801	-22	820	468	Hoare Govett, ECW "sell"
British Aerospace	844	-55	889	455A	Airbus concern
Burnham Control	1039	-56	1039	831	Break-up valuation
Cain Energy	195	-32	195	60A	Positive exploration news
Eurotunnel Ltd	84	-18	100	74	Good traffic figures
GNV	815	-36	861	558	Weak motor industry
Hanson	1871A	-16	2224A	180A	Debt downgrade fears
Leamington & Birchall	153	-171	387	80	Profit warning
Lloyds Chemists	471	-150	674	18	Gehe launches bid
MAI	438	-63	490	224	Merger with United News & Media
Mersey Docks	498	-33	498	368	Industrial action
United News & Media	946	-63	684	487	MAI link-up
Yorkshire-Tyne Tees	800	-85	800	387	Takeover talk

Barry Riley

Blue chips gets the blues

Sadly, the lubricant of economic growth has dried up

Down at the bottom of too many private investors' share portfolios lie dogs like Hanson and British Gas. Over the past year, these shares have underperformed the Footsie index by 36 and 35 per cent respectively.

Until quite recently, they were among the top 10 British listed companies by way of market value, but no longer. The bull market has simply passed them by.

Not surprisingly, both of these companies have unveiled drastic restructuring plans. Splitting into smaller "focused" units appears to be turning into today's all-purpose remedy for corporate woes but, in these instances, the stock market has so far failed to be impressed. The successor companies, in aggregate, just might turn out to be paying significantly lower dividends.

True, any company can fall on hard times once in a while and special factors apply here, as always. But I believe there is another, broader lesson to be learnt from the plight of Hanson and British Gas. They have proved to be vulnerable in a period of low growth and increasing competition.

For many years, Hanson prospered by buying deliberately dull and mature companies and relying on the tight management, skilful dealing and continuing economic growth. Bricks

might have a bad year but boom conditions would always return.

As for British Gas, growth in such a fully-developed commodity business depends almost entirely on rising living standards.

In that context, this week's key UK economic statistic was the year-on-year fall in December manufacturing output. The likelihood is that output will soon recover as an overhang of stocks at factories and warehouses is worked off. Final demand remains reasonably firm and interest rates are being steadily reduced.

It is, however, worth remembering that the average annual growth in the UK's gross domestic product in the 1990s so far has been just 1.1 per cent, calling into question the Treasury's claim that the trend rate of growth is 2 1/2 per cent, let alone chancellor Kenneth Clarke's forecast of 3 per cent for 1996.

Slow growth is not, of course, just a British problem. The US economy has been stuttering lately. As for continental Europe, German unemployment was reported on Thursday to have hit an alarming 10.8 per cent in January and several countries, including France and Sweden, face actual economic recession. Meanwhile, the Japanese continue to have a grim time.

So far, the overall impact of

this slowdown on stock markets has been benign. The lower interest rates associated with weaker growth have boosted share valuations. By and large, employees have had a much tougher time than their employers, so companies have increased their slice of the national economic cake. But this is unlikely to

continue for much longer. Meanwhile, the slow growth has had the effect of increasing the specific risk in equities. That is jargon for saying that harsh conditions tend to sort out the sheep from the goats.

The lubricant of growth has dried up. Just as general inflation has previously obscured the way that some personal incomes have risen faster than others, so that nobody has had to suffer the indignity of an actual pay cut, so a decent overall rate of growth has blurred the distinction between companies that are growing faster or slower than average. But, in the 1990s, it has become

It has become painfully clear that many companies actually are shrinking

painfully clear that many companies are actually shrinking. In some sectors, nevertheless, remarkable growth opportunities exist, usually created by technological breakthroughs. The mobile telephone company Orange is coming to the stock market soon and could be valued at £3bn, compared with £7bn for its rival Vodafone.

The two together will be worth nearly half as much as the vastly bigger British Telecom (which has nine times the sales revenues). That is an indication of how highly growth is being valued.

Similarly, British Sky Broadcasting is worth £7bn and British Biotech £1bn. Such valuations reflect very large actual or anticipated profits which, in the context of minimal overall growth in the national economy, have to be carved out of the earnings of the rest of the corporate sector. The billions diverted into mobile telephones or the national lottery help to explain, for instance, why weaker retailers like W.H. Smith or Kingfisher are struggling.

Weak growth is also responsible for the poor performance of property as an investment asset. Real estate, like labour, has been a victim of corporate restructuring. Last year, company pension funds earned a return of just 4

per cent on property compared with 18 per cent on UK bonds and 24 per cent on UK equities.

We will be able to be reasonably confident about an economic acceleration when the stock market's property and building & construction sectors, which are good leading indicators, begin to outperform. So far in 1996, they have continued to lag slightly behind the All-Share index.

If these symptoms persist, what remedies should investors seek for their ailing portfolios? First, it is dangerous to assume that tired old blue chips in the portfolio will necessarily recover, some time. They may not. They may gently fade away.

Second, there has to be an exposure to the newer growth sectors. This introduces a great deal of risk, because the ratings are often speculative and bad news - such as an abandoned new drug or poor mobile telephone sales figures at Christmas - can cause heavy instant drops in share prices. So there has to be broad diversification and periodical rebalancing.

But, in a slow-moving economy, growth is not going to pop up conveniently in your portfolio. You are going to have to seek it out - and weed out the dogs, too, together with their unwanted litter of offspring.

Offshore managed funds and UK managed funds are listed in Section One

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